

EUROPEAN NEWS

IMPORT BILL FROM WEST CUT BY 38%

Poland has first half trade surplus

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

POLAND MANAGED to cut its import bill from the West by 38 per cent in the first half of this year to \$2.34bn, compared with \$3.69bn in the same period of 1981...

Table with 4 columns: POLAND'S EXTERNAL ACCOUNTS WITH WEST (\$bn), 1980, 1981, 1982. Rows include Balance of trade, Current account, Loans drawn from West, Reserves (end period).

As hard currency exports fell by only 21.5 per cent to \$2.35bn, the country was able to notch up a trade surplus of \$111m compared with a deficit of \$604m in the first half of last year...

In the first half of 1981, Poland had to pay cash for only 25 per cent of its total imports from the West...

After meeting interest payments in the first half, the country was left with a deficit on its current account of \$809m compared with \$411m in the first half of last year...

The figures show that monthly export receipts increased steadily from \$331m in December to \$402m in June...

"That situation entailed a bigger decrease in the volume of means earmarked for other purposes, among other things for debt service," the Ministry said.

It also had to repay foreign loans amounting to \$223m, including outstanding and re-scheduled loans worth \$4.

Industrial production continues to decline

CHRISTOPHER BOBINSKI IN WARSAW

GOVERNMENT figures for the first eight months of the year show that industrial production is 6.2 per cent lower than in the same period last year.

subsidised sectors were poultry, milk and meat, synthetic fibres, fertilisers and the coal industry.

shops, while the value of goods sold to consumers in August, measured by current prices, grew by 87 per cent compared with August last year...

Comecon as a whole was Zl 30.2bn (£202m); the deficit in trade with the Soviet Union reached Zl 43.3bn (£290m).

Portuguese shipyard aims to cut costs

By Diana Smith in Lisbon

LISNAVE, the 30 per cent state-owned ship repair yard that is Portugal's largest single foreign exchange earner...

The yard needs 10 vessels under repair each month to break even, and will have an average of only four in coming weeks...

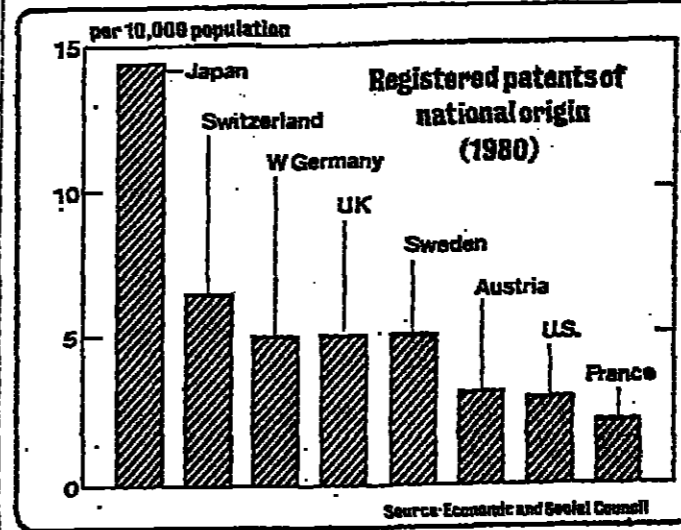
Some 2,000 of its 7,500 blue-collar workers are without work each day. Labour laws prevent temporary lay-offs...

Even so, Lisnave has a monthly wage and benefits burden on Esc441m (€2.9m).

Cross monthly sales are Esc600m (€4m) while total overheads are Esc1bn (€6m).

To make what savings it can, Lisnave is eliminating the night shift and halving the 4 pm to 1 am shift for which workers were paid substantial premiums...

Industry turns increasingly to foreign know-how



France seeks to cultivate home-grown technology

BY DAVID MARSH IN PARIS

THE REAGAN administration's technology sanctions on French companies delivering equipment for the Soviet gas pipeline...

country's N-plant manufacturer, is a subsidiary of Creusot-Loire, which is currently launching an appeal against U.S. sanctions...

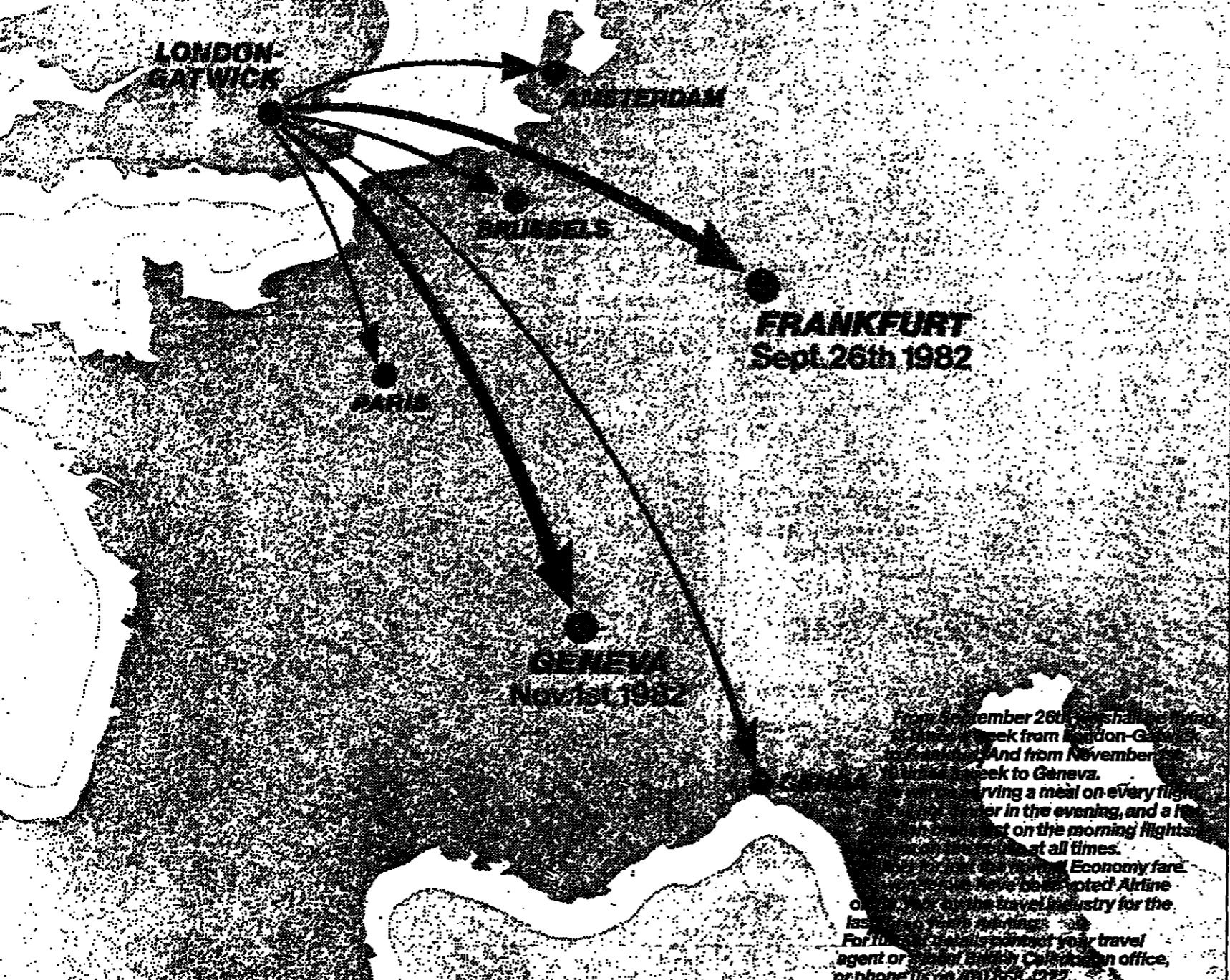
M Jean-Pierre Chevènement, the Minister for Research and Industry, who starts a six-day visit to the U.S. today, may yet have the last laugh.

Money, however, is not the only answer. A frank appraisal of the Government's approach so far in electronics, is given by M Daniel Queyssaac...

By underlining France's dependence on imported know-how and expertise, especially from the U.S., the Americans have given important indirect support to M Chevènement's crusade for home-grown technology...

French Government officials say that there will be no direct curbs on foreign technology. Efforts to end reliance on overseas patents, apart from being practically impossible, would be a "great regression," they say.

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UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); Engineering orders (1975=100); retail sales volume (1975=100); retail sales value (1978=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

Table with 6 columns: Year, Indl. prod., Mfg. output, Eng. order vol., Retail value, Unemp. Vac. Rows for 1981 and 1982 quarterly data.

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

Table with 6 columns: Year, Consumer goods, Invest. goods, Eng. output, Metal, Textile, Housing starts. Rows for 1981 and 1982 quarterly data.

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1975=100); exchange reserves.

Table with 6 columns: Year, Export volume, Visible balance, Current balance, Oil balance, Resv. trade US\$bn. Rows for 1981 and 1982 quarterly data.

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflows; HP, new credit; all seasonally adjusted. Minimum lending rates (end period).

Table with 6 columns: Year, M1, M3 advances, DCE, BS, HP, MLR. Rows for 1981 and 1982 quarterly data.

INFLATION—Indices of earnings (Jan 1975=100)—basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); FT commodity index (July 1982=100); trade weighted value of sterling (1975=100).

Table with 6 columns: Year, Basic mfgs, Wholsa. mfgs, RPT, Foods, FT commodity, Strg. Rows for 1981 and 1982 quarterly data.

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Commission sees signs of recovery in Belgium

BY LARRY KLINGER IN BRUSSELS

THE BELGIAN Government's export-oriented recovery programme has achieved "marked improvements" in increasing industry's competitiveness and there are signs that the balance of payments may improve this year and next.

These are the main findings of a confidential European Commission report which adds a warning that the Government's stern control of the economy may have to be prolonged indefinitely.

Details were revealed as the Belgian Government today resumes its efforts to win a "social consensus" with leaders of industry and the unions in support of its austere economic recovery programme.

Armed with the report from the European Commission, ministers are hoping to persuade their "social partners" to come out in open support of government policy.

In a confidential report to the EEC's Monetary Committee, the Commission's directorate for economic and financial affairs says that the Government's efforts must be continued over "the next few years" in order to achieve a

satisfactory payments balance and restore investment to satisfactory levels, to achieve improved economic growth and employment levels.

The talks which begin today are expected to be tough and protracted, with the unions demanding a firm demonstration that government policy is not being used primarily to boost company profits at the expense of lower paid and less secure jobs.

At issue are whether the Government's proposed cuts in social security spending will fall, what measures can be taken by industry to create employment, and the level of wage rises over the coming year.

The Government insists that pay awards must be limited to a maximum of 7 per cent.

The Commission's report while echoing the qualified approval of the Belgian programme contained in earlier reports by the OECD and the IMF, nevertheless paints a picture of continued uphill struggle.

It says that policies must continue to be applied that would inevitably restrict both public and private consumption.

Exports appeared to be reviving, but not investment.

Increased company profitability had to come rapidly. This was why complete wage indexation could not be restored immediately. Pay awards, at least during 1982, had to remain below the growth in inflation, which should decrease.

The report acknowledged the Government's difficulty in trying immediately to achieve further cuts beyond those already envisaged for next year but says current measures are insufficient to restore full health to public finances.

Even if the Government were to achieve its longer-term objective of reducing the deficit to an 8 per cent level by 1985, the report says, this would only be sufficient to halt the upward spiral in debt servicing. Total debt would remain at around 100 per cent of GDP, with interest charges, depending on rates at the time, still accounting for around 10 per cent.

In such conditions, the report says, public finances could not be counted on to be in a position to contribute significantly to economic recovery.

Haughey tries to defuse pay clash

By Brendan Keenan in Dublin

MR CHARLES HAUGHEY, the Irish Prime Minister, has tried to defuse the clash between his government and the public sector unions over pay.

In a letter yesterday to the Irish Congress of Trade Unions, he offered concessions which will be seen by the opposition as a substantial climbdown.

The government has not shifted its position on pay claims, but says there is scope for negotiation with the unions in the Civil Service and the nationalised industries, provided account is taken of the state of Exchequer finances.

This may well be enough to head off the threats of industrial action from the unions and the danger of a government defeat when Parliament resumes at the end of next month.



Mr Haughey offers of concessions

EUROPE REFUSES TO PROPOSE ALTERNATIVE SANCTIONS

U.S. told it must resolve pipeline row

BY DAVID TONGE, DIPLOMATIC CORRESPONDENT

WEST EUROPEAN countries involved in the bitter dispute over the Soviet gas pipeline have rejected U.S. suggestions that they make alternative proposals on how to bring pressure on the Soviet Union, officials said in London yesterday.

Instead, they are insisting that Washington must resolve the dispute over the sanctions which the U.S. has imposed on its allies. British, French and Italian companies have already been penalised for shipping material for the 3,500-mile pipeline and a West German concern is threatened.

Various U.S. spokesmen, such as Mr William Brock, President Ronald Reagan's trade representative, have suggested that the U.S. might ease the sanctions if the West European countries involved could come

up with alternative proposals for bringing pressure on the Soviet Union over Poland.

However, the four European countries have rejected this approach after intensive consultations. Indeed, French officials have said that they would only wish to join in a proposed meeting of the foreign ministers involved with Mr George Shultz, the U.S. Secretary of State, later this month if the U.S. has put its own proposals on the table.

The French Foreign Ministry has been arguing that there is no urgency and that time is on the European's side.

The Foreign Office in London was waiting last night for a formal message from the French over whether they would favour British proposals for meeting Mr Shultz at the opening of the United Nations

General Assembly in the week beginning September 27.

Mr Francis Pym, the British Foreign Secretary, is expected to raise this issue when he visits Paris next week after a meeting of EEC foreign ministers in Brussels.

West Germany and Italy reportedly favour this idea, but it remains to be seen whether President Francois Mitterrand agrees that anxiety over the state of Nato should override anger about U.S. moves.

The British view is that there is an urgent need for an early meeting to discuss how trade with Warsaw Pact countries should be handled—the strategic issue raised by the pipeline debate.

Peter Riddell, Political Editor, adds: The British Government set out last night to defuse public concern about

U.S. sanctions against British companies supplying the Soviet gas pipeline.

In a speech in London yesterday to the American Chamber of Commerce, Mr Cecil Parkinson, the chairman of the Conservative Party, said: "The pipeline dispute is a serious disagreement between us about method and degree, about tactics, but not a fundamental disagreement about strategy or about our understanding of the world scene."

He argued that the two countries' attitudes to the Soviet Union are still very much in basic agreement.

Mr Parkinson added that the only way in which the U.S. could lead the West was by winning the approval and respect of its allies—an effort requiring tremendous tact and wisdom.

Genscher appeals for detente to continue

BY JONATHAN CARR IN BONN

A STRONG plea for continued detente with the Communist East and a sharp criticism of U.S. policy—past and present—has been issued by Herr Hans Dietrich Genscher, the West German Foreign Minister.

In a striking article in the U.S. journal Foreign Affairs, released today, Herr Genscher seeks to turn the table on U.S. claims that detente lulled Europeans into a false sense of security.

He claims that it was the U.S. which initially harboured illusions about detente—then overreacted when these illusions were not fulfilled.

Without specifically referring to the present U.S. Administration of President Ronald Reagan, Herr Genscher also makes a point-by-point rebuttal of the thesis that trade sanctions can influence Soviet

behaviour in a way the West desires.

Ironically, parts of the article leaked over the last few weeks, and appearing in some publications out of context, gave the impression that Herr Genscher was simply offering fulsome praise of the U.S.

This, in turn, led to speculation that Herr Genscher was trying to use this foreign policy issue to come closer to the opposition Christian Democrats (CDU), who constantly claim Chancellor Helmut Schmidt's Government is responsible for strained relations with Washington.

However, the 66-page article is remarkable above all because Herr Genscher is explicit in his criticism of the U.S. in a way he has rarely—if ever—been in public before.

He emphasises his desire that the Western Alliance be

strengthened—but he also makes clear his belief that the time has come for plain speaking.

Herr Genscher emphasises that when the Europeans spoke about detente they referred—in contrast to the U.S.—to a dual strategy of military preparedness on the one hand and readiness for dialogue with the East on the other.

The Minister said the latter part, the dialogue, had been "oversold" in the U.S. in the 1970s. U.S. defence spending had fallen in real terms while that of the Europeans—and the Soviet Union—had increased.

However, the U.S. did not offer Moscow broad-based economic co-operation either. "The question thus remains unanswered of how Soviet policy would have developed if the U.S., suffering from the double trauma of Vietnam and Water-

gate, had not itself seriously weakened its capacity both for putting up resistance and offering incentives," Herr Genscher wrote.

On trade with the Soviet Union, Herr Genscher agreed that a big cut in imports from the West would make Moscow's problems worse—although "only a disruption of grain supplies (a reference to the U.S. in particular) would have immediate, widely felt effects."

But he added the Soviet economy was made up of two parts—military and civilian. "The military was given absolute priority and the Soviet leadership would always give it the resources it felt were necessary.

Further, Western sanctions would give Moscow the pretext for ascribing all domestic difficulties to the "trade war waged by the West against the Soviet fatherland."

N-stations show up well in power survey

BY DAVID FISLOCK IN VIENNA

FOSSIL-FUEL and nuclear electricity plants perform equally well, an international nuclear conference in Vienna was told yesterday.

Allegations that nuclear power stations perform less well than coal or oil fired plants are not supported by international statistics covering some 80 per cent of the world's power plants.

The main omissions are the power plants of the Soviet Union and East Germany, where bureaucratic delays are believed to be responsible for data not being available.

The comparison of power plant performance is being made by the World Energy Conference and the main electricity producing countries, using nuclear performance statistics gathered by the International Atomic Energy Agency in Vienna.

The IAEA's power reactor information system is a computer file covering 277 operating power units and another 233 units under construction. It contains details of about 9,000 periods since 1971 in which the reactors have been shut down,

either because of breakdown or for planned spells of maintenance. This is information of the greatest interest to reactor designers and operators.

It is beginning to reveal the main trends and problem areas for nuclear power programme planning.

Data available up to the end of 1980 suggests that the smaller nuclear reactors, of up to 600 MW output, have performed a little better than fossil-fuel units of the same size. But big nuclear units, of 900 MW and above, have performed slightly less well than the bigger fossil-fuelled units of 600-750 MW.

About a third of the breakdowns (34 per cent) in nuclear plants are specifically related to the nuclear steam supply system itself, with the balance of breakdowns in conventional parts of the plant such as the turbo-generators.

More funds urged for energy conservation

By Ray Dafes, Energy Editor

ENERGY specialists in the European Commission are stepping up pressure on Euro-mps and Ministers for a boost in funds for conservation and renewable energy projects.

The Commission has produced a report recommending a continuation of an EEC funding programme aimed at backing the demonstration of new projects which can reduce overall demand in energy, reduce the need for hydro-carbons—such as oil, gas and coal—or increase the exploitation of renewable energy sources.

Some specialists in the Commission feel that there should be a doubling of the Community budget for demonstration projects. This would mean that, over the next four or five years, the EEC would contribute more than 400m European Currency Units (some £220m). The budget for the 1978-82 period (increased earlier this year) was 205m ECUs (£112.4m).

Under the investment system the EEC provides up to 40 per cent of the cost of a project. But half of the grant must be returned by the project sponsors if the venture becomes a commercial success.

Officials argue that such projects help reduce the EEC's dependence on imported energy and provide employment opportunities in the energy equipment supply industry.

But they know their proposals could be challenged by member countries and Euro-mps who are already questioning whether such large-scale funding is warranted at a time of plentiful energy supplies and strict budget controls.

In the UK, for instance, Government funding of research and development into alternative energies and conservation has been cut, from £13.6m in 1981-1982 to less than £1m in the current financial year.

The report into the Community demonstration programme claims that by 1990 energy savings in the 10 member countries could rise to the equivalent of 180m-150m tonnes of oil annually—about 12 to 14 per cent of gross energy consumption at that time.

Demonstration projects approved so far are expected to yield savings of about 700,000 tonnes of oil equivalent a year, although the report adds, such cuts should lead to greater associated savings.

The Community demonstration programme report sets out priorities for any future assisted projects. It recommends that these should include energy saving schemes, in particular conservation in industry, in public, administrative and commercial buildings, and in waste materials.

The Commission says that the energy saving potential in the transport sector is also very high although, so far, few project proposals had been submitted. While supporting continued work in the alternative energy sector, including geothermal power and solar energy, the Commission says it attaches special importance to projects for the liquefaction and gasification of coal.

The report emphasises that a Community demonstration programme should work alongside similar schemes operated by member countries. It is estimated that in the past five years national demonstration programmes have involved state aid totalling £447m (£15m ECU), almost four times the Community budget.

FLETCHER CHALLENGE LIMITED

Preliminary audited results for the year ended 30th June, 1982

	12 months to 30th June, 1982	6 months to 31st Dec., 1981	* Period to 30th June, 1981
	NZ\$000's	NZ\$000's	NZ\$000's
Turnover	2,154,449	1,095,046	2,082,113
Profit before tax	130,670	60,301	127,018
Less tax	29,823	17,413	32,039
Net profit	100,847	42,888	94,979
Less minority interests	6,845	1,396	1,897
NET PROFIT after minority interests			
Interests	94,002	41,492	93,082
Extraordinary items (net of tax)	3,060	5,913	6,844
Net profit after extraordinary items less minority interests	97,062	47,405	99,926
Less depreciation on asset revaluations	6,838	1,675	3,625
Consolidated net profit after asset revaluations	90,224	45,730	96,301
Earnings per share (cents)	42.5	—	37.4
Dividend per share (cents)	17.0	—	15.0

(Exchange Rate on 14th September, 1982 — £1 = NZ\$2.3575)

*Includes 15 months' figures for Fletcher Holdings Limited and Tasman Pulp and Paper Company Limited; on an annualised basis the earnings for the year ended 30th June, 1981 were NZ\$80.7 million. The earnings for the year ended 30th June, 1982 thus represent an increase of 11.8 per cent over last year's annualised earnings.

The Directors recommend a final dividend of 8.75 cents to be paid on 11th November, 1982 to Ordinary shareholders registered on 19th October 1982.

In commenting on the results, the Chairman stated that he considered the performance to be reasonable in the light of international economic conditions although the increase in earnings was substantially below the inflation rate in New Zealand of 17 per cent over the same period. He believed that in nearly all the Group's areas of business the rate of return on shareholders' funds exceeded those of their significant competitors and, where this was not the case, he stated that programmes were being implemented to improve the position.

The Chairman commented that the deterioration in international economic conditions and its effect on the whole domestic economy was having an increasing impact on the Group's timber pulp and newsprint operations. As a result, most of the Group's business areas faced more difficult trading conditions and it would be hard to maintain the same level of earnings for the current year.

During the year under review shareholders' funds, increased from NZ\$536 million to NZ\$760 million, while net interest bearing debt increased from NZ\$456 million to NZ\$607 million. The ratio of interest bearing debt to shareholders' funds at 30th June, 1982 was 80 per cent, compared with the Group target maximum of 110 per cent and a Group borrowing limit of 125 per cent. Commenting on the Group's consolidated balance sheet, the chairman observed that the maturity schedule of interest bearing debt had lengthened but remained undesirably short due to the absence of long-term lenders in New Zealand and the Group's unwillingness to be committed to high real interest rates overseas. However, to ensure prudent financing the Group had NZ\$287 million of committed but unutilised credit facilities at the end of the financial year.

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- * Tax allowances on new production equipment.
- * New employment subsidies.
- * Employee transfer grants.
- * In-plant training grants.
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- * Low cost rents.
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AMERICAN NEWS

Canada disarms foreign investment critics

BY NICHOLAS HIRST IN TORONTO

FACED WITH continuous international criticism of its strict controls on foreign investments, Canada has gone out on the attack. A 71-page report prepared by the Foreign Investment Review Agency's research arm turns the tables on Canada's chief critic, the United States. The activities of FIRA have been a severe irritant in the deteriorating relations with the U.S. over Canada's nationalistic economic policies. But in its report, FIRA attempts to show that far from the U.S. being, as it claims, the most open country to foreign investments in the world, it has, in fact, erected innumerable obstacles to overseas companies buying into American business.

Only some 2 per cent of U.S. business is foreign controlled, whereas in Canada this figure is 28 per cent and about 80 per cent of foreign ownership of Canadian business is American. The research report, which details direct and indirect controls on foreign investment in the U.S., is to be used by Canadian officials to try and head off any attempt by the U.S. Congress to increase regulations in retaliation for FIRA's activities. The latest controversy follows

a request by Mr Francis Fox, Canada's Communications Minister, for FIRA to require Coca Cola to divest itself of Columbia Pictures subsidiaries in Canada. Coca Cola acquired Columbia Pictures in May, but the transfer of its Canadian assets cinema and television distribution companies must be approved by FIRA.

Mr Fox's intention is to gain 51 per cent Canadian ownership of the distribution chain, and therefore give Canadian filmmakers a better chance of getting a wider showing of their work.

But to the U.S., the move is another example of what it sees as an unwarranted interference in the merger activities of its own corporation.

In its introduction, the report says the foreign investor in the U.S. faces a "plethora of laws, regulations, agencies, hearings programmes and ordinances at both state and federal levels."

Rules are ambiguous and there can be unexpected delays in completing procedures. Regulatory agencies, such as the Interstate Commerce Commission, the National Aeronautics Board or the Securities Exchange Commission, may go



LALONDE: Scope for improvement

beyond their original mandate and in fact examine and bar investment "precisely because it is not U.S. controlled."

Steps have been taken to prohibit or restrict foreign investment in many areas including shipping aviation, aeronautics, communications, nuclear, and hydro-electric power, banking, insurance, real estate, mining, maritime activities and defence, which itself

covers many more industries. The report has not officially been made public. Some of its criticisms have been appearing in dribs and drabs in the Canadian press and, in turn, have provoked a response from the Americans.

In a letter to the Toronto Globe and Mail, Mr Richard Smith, Minister of the U.S. embassy in Ottawa, pointed out that nearly all developed countries operated some control of foreign investment in some industries. "The FIRA variety of generalised screening of all foreign investment is investment restriction of quite another order of magnitude," he said.

The Canadians, however, maintain that this generalised screening is far superior to the piecemeal approach adopted by other countries, and is ideally suited to a country which has more foreign ownership of its industry than any other in the Western world.

Mr Marc Lalonde, Canada's Finance Minister, said: "While there is still scope for improvement in the administration of FIRA, the only significant drawbacks we have found to our approach is that it makes the

review process more visible and thus provides an easier target for disgruntled investors and ideological opponents of any form of foreign investment screening."

The question is, with the anger that has been built up against FIRA worldwide, is it worth having? Since 1975, when it came into operation, 90 per cent of applications have been approved. The perception that Canada no longer provides a good climate for foreign investment seems to many, including some Canadian provincial premiers, a high price to pay to keep out the other 10 per cent.

The Canadian Government's answer is that it is worth it. Studies over the years have shown that foreign controlled companies in Canada tend to import more and export less than their Canadian counterparts.

When vetting applications, FIRA attempts to ensure the same "full and fair opportunity" for Canadian suppliers as is demanded in Britain for foreign North Sea operators by the Offshore Supplies Office. It also pushes for increased research and development in Canada.

Industrial output in U.S. falls 0.5%

By Anatole Kaletsky in Washington

HOPES OF an early recovery for the U.S. economy received a serious setback yesterday as the Federal Reserve Board announced a drop of 0.5 per cent in its index of industrial production for August.

This fall comes on top of the 0.5 per cent drop in August retail sales announced earlier this week. The industrial production figures appear to confirm mounting fears among many economists that the better economic indicators published during July and June may have been signalling nothing more than a "false dawn."

August's fall in industrial production followed a revised 0.1 per cent increase in July and was the 11th monthly decline in 13 months.

Like the retail sales figure on Monday, the decline was due mainly to a renewed downturn in the motor industry. The motor industry reduced its output by more than 16 per cent during the month, to an annual rate of 5.5m units from a rate of 6.6m. The Fed said this was due to several months in which car production had exceeded sales. The August retail sales figures also underlined this trend, showing a 3.8 per cent drop on new car sales.

August's decline in output extended well beyond the car industry, to all major sectors of industrial output except defence and space equipment and construction supplies.

Output of business equipment fell by 1.4 per cent and has now declined by 18 per cent since the beginning of the current recession.

Brazil tightens bank controls in austerity drive

AN ANDREW WHITLEY, IN RIO DE JANEIRO

BRAZIL has decided to raise the commercial banks' compulsory reserve requirement with the Central Bank to record levels. The surprise move forms the centrepiece of a new austerity drive designed to restore the flagging credibility of the Government's economic programme.

Other measures agreed upon by the National Monetary Council include further limitations on the sale of foreign currency to private individuals and limitations on the state sector spending—regarded as a major contributor to inflation, currently running at just under 100 per cent a year.

The banks' reserve requirement is to be raised above its present level of 40 per cent of sight deposits (which can be withdrawn on demand) to a possible maximum of 60 per cent of all deposits. The exact figure will be worked out later this week, but bankers expect it will initially settle at about 45 per cent.

Investment banks are included in the new controls but finance houses, lending primarily for private housing, will be excluded—a political move just weeks before important national elections.

Final details of the new regulations are still being worked out, but it was apparent yesterday they would have a considerable impact on domestic industry, already struggling with low demand and heavy financial costs.

Industry reacted critically yesterday to the Government's

decision. According to Sr Antonio Rocha Diaz, the vice-president of the Brazilian Federation of Bank Associations, the measures amounted to the virtual nationalisation of the private financial system, already one of the most regulated in the world.

This latest squeeze on domestic credit is deemed to keep the growth of money supply down to 75 per cent this year. Latest figures from the central bank show that the target was being exceeded before the forthcoming crop-financing season when the national money supply always makes a big jump.

Foreign bankers leading to Brazil to finance a large current account deficit yesterday welcomed the austerity package as a signal that the Figueredo Government was prepared to take tough decisions in its efforts to restore the economy.

It is estimated that Brazil needs to borrow another \$4bn abroad, in the next three months, to close its external finance gap. But in recent weeks new lending to Brazil by Western banks preoccupied with the Mexican and Argentine crises has virtually dried up.

The curb on the sale of foreign currency limits to \$1,000 the amount banks can sell at the official exchange rate to Brazilians aged under 18 travelling abroad. Parents can no longer claim their normal foreign exchange allowance of \$2,000 for children aged under two.

Ecuador government divided over IMF credit move

BY SARITA KENDALL IN QUITO

OPINION in Ecuador is divided as to whether the country would be able to stomach conditions imposed by the IMF for a standby credit.

Ecuador's public debt stands at about \$4.7bn (£2.7bn), much of it in short-term loans. There is also a registered private foreign debt of over \$1.2bn.

The Government, according to Sr Vladimir Alvarez, acting finance minister, is giving top priority to refinancing the debt.

Some Government officials however, believe the country still has enough negotiating power to try the international commercial banks, others think this unrealistically optimistic.

International reserves have fallen to the equivalent of just two months' imports, while exports—particularly crude oil—are running lower than last year.

For some months experts had been warning that it was essential to look for refinancing, and the task will now be much more difficult. To add to the government's problems, the post of Finance Minister is still empty after Sr Jaime Morillo's resignation a week ago. There is talk of forming a special commission to back the new minister, especially on debt issues.

Though the parallel with Mexico can be exaggerated, Ecuador also overspent its oil income after exports began in

1972 and this year's production and price cuts have come at the worst possible time.

The sucre was devalued from 25 to 33 to the dollar earlier this year, and the free market rate is moving erratically around the 60 sucre mark, partly because businessmen have been chasing dollars to repay foreign loans and partly because political and economic problems have affected confidence.

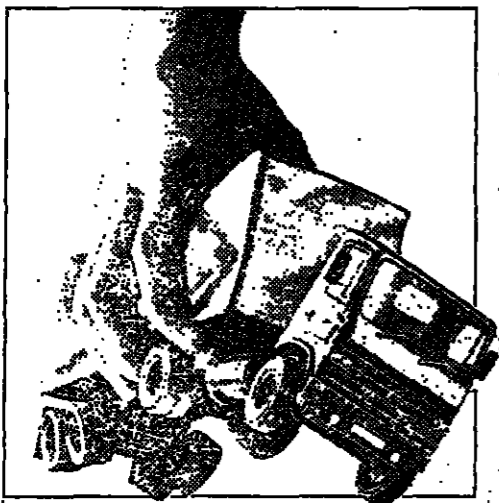
If the Government had to devalue again and cut subsidies on petrol, wheat and other foodstuffs in exchange for IMF support, many politicians believe the price could be very high.

President Osvaldo Hurtado no longer has a majority in Congress, and a two-day general strike has been called for next week. Although inflation is still running at under 20 per cent, the trade unions are demanding a 75 per cent wage increase.

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METICULOUS ENGINEERING DOESN'T COST YOU. IT PAYS YOU.

British-Argentine relations still soured by conflict

BY JIMMY BURNS IN BUENOS AIRES

BRITAIN'S AND Argentina's agreement to lift the financial sanctions imposed after the outbreak of the Falklands conflict is unlikely to lead to an early normalisation of trade and diplomatic relations between the two countries.

Yesterday diplomats and businessmen in Argentina were hoping the lifting of blocked accounts in London and Buenos Aires would pave the way for progress on a restructuring of Argentina's \$36.6bn foreign debt.

But they stressed the deep suspicion, if not outright hostility, that still underlines many Argentinian attitudes towards Britain.

Sectors of the armed forces seemed to have reluctantly accepted the lifting of the financial sanctions was fundamentally an interbank affair and would not affect Argentina's "national honour," and its claims to the Falklands.

President Reynaldo Bignone is understood to be aware that hard-line nationalist officers will remain strongly opposed to any further reconciliation with London unless this is tied to British concessions on the

future of the islands. The operations of British banks and companies in Argentina yesterday remained complicated by the decision of the local authorities to maintain the overseas nominated in June to control the operations of British companies.

The lifting of financial sanctions has also not yet been extended to the ban on remittances of profits abroad for the sale of physical assets by British firms.

The ban is part of a law introduced by presidential decree in June and therefore falls outside the agreement on the unblocking of funds reached by the Argentine central bank and the Bank of England.

The British Chamber of Commerce yesterday said some British companies had operated with difficulty in recent weeks because of the presence of government overseers.

While the chamber mentioned no names it is understood that Duterail, the local subsidiary of ICI, had to provide financial information to overseers sent from one of the company's market rivals, the military-controlled Fabricaciones Militares.

Chrysler deadline extended

MICHIGAN — Negotiators for Chrysler and the United Auto Workers returned to the bargaining table yesterday after extending the current contract and pushing back a strike deadline until midnight last night.

"We're not very, very close, but we think there is sufficient reason to try for 24 more hours. It's not as close as I would like to be," Mr Douglas A. Fraser, UAW president, said just 20 minutes before the current contract was set to expire at midnight on Tuesday.

However, he added, "there would not be any more extensions for the current pact, which covers 43,200 members still working and another 40,000 on indefinite layoff."

"There were a variety of problems, both economic and non-economic," Mr Fraser said. "We just wanted to give ourselves more time to exhaust every single possibility."

Chrysler car workers had voted overwhelmingly to strike if no agreement was reached and no extension was granted. The negotiating teams have been to the bargaining table for 14 straight days in the effort to agree on a new contract.

Mr Fraser said Chrysler had proposed to the union terms calling for general wage increases tied to future company profitability.

The company also called for workers' contributions to health care costs and some restoration in cost of living adjustment clauses, also tied to Chrysler profitability.

Mr Fraser said he thought the union could get a settlement before the midnight last night deadline on a one-year contract covering economic items and a two-year pact for non-economic items.

Hopes rise for Salvador peace talks

By Hugh O'Shaughnessy

HOPES ARE rising that peace talks will start before long between the Salvadoran Government of President Alvaro Magaña and the left-wing guerrillas despite continuing violence.

Half the country was without electricity on Tuesday, El Salvador's independence day, after guerrillas sabotaged power lines in San Salvador and the departments of La Libertad, Cuscatlan and Chalatenango.

Mr Arturo Rivera y Damas, acting archbishop of San Salvador, has again criticised government forces for the brutality of the anti-guerrilla operations. Casualties in the three-year civil war between government and guerrillas total nearly 40,000.

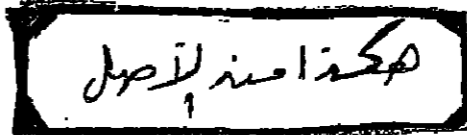
U.S. officials indicate that Washington would welcome some new initiative to bring a truce between the two sides and that the Reagan Government is worried by the continuing bad image of the Magaña Government.

Reports from Havana and Managua say that both the Cuban and Nicaraguan Governments are encouraging the Salvadoran insurgents to seek political talks with the authorities in San Salvador.

After cancelling a meeting with Mr Francis Pym, the British Foreign Secretary, Dr Fidel Chavez Mena Foreign Affairs Minister, has continued with a tour of Western Europe which has included a call on the Pope at Castel Gandolfo.

Dr Chavez said that he had found increasing understanding of his Government's policies in Western Europe.

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Arafat presents new PLO strategy

By James Burton in Rome
MR YASSIR ARAFAT, the chairman of the Palestine Liberation Organisation, yesterday seized the opportunity of his first visit to a major EEC country to present in fairly moderate terms the PLO's new strategy for a diplomatic route to Middle East peace.

Many more may be killed before the voices of moderation and compromise are heard, Roger Matthews writes
Gemayel's death will pull Israel deeper into Lebanon quagmire

THE ASSASSINATION of Bachir Gemayel is yet another ugly twist in the despairing modern history of Lebanon and the Lebanese people are as likely to be as divided over his death as they were over his election to the Presidency last month.

Other competing militia of another former President, Camille Chamoun, was bloodily brought to heel. Mr Franjeh swore revenge for the death of his son and is credited with at least one previous attempt to assassinate Mr Gemayel. There may also be elements from Mr Chamoun's militia who never forgave the Phalangist leader.

Phalangist militia, and the additional demands being made of him by Mr Menahem Begin, Israel's Prime Minister. After his election to the Presidency by the Lebanese Parliament last month, Mr Gemayel said he wanted to draw the curtains over Lebanon's bitter past and become the leader of all the people.



Gemayel... long list of suspects

self a new candidate for the Presidency. There is no one obvious person waiting to inherit Mr Gemayel's mantle and, as by Lebanese constitutional practice the President must be a Maronite, Israel may also have to face a struggle for power within the Christian community. Should Parliament fail to choose a successor to Mr Gemayel before President Elias Serruh steps down on September 22, there is provision for interim Cabinet government.

the possibility that it will now seek to drive the Syrian Army and remaining Palestinian fighters out of eastern Lebanon. It will probably be argued, particularly by Gen Ariel Sharon, Israel's Defence Minister, that the prospects of a stable Lebanon willing to co-operate fully with its southern neighbour are remote while the Syrians are allowed to keep 20,000 or more troops in the country.

a development assuredly noted by the Israeli Cabinet. It has long been argued, especially by men such as Mr Fouad Boutros, Lebanon's sharply intelligent Foreign Minister, that his country's problems may be eased but can never be solved outside the context of a wider Middle East settlement.

Jerusalem's hopes suffer severe setback

BY DAVID LENNON IN TEL AVIV
JERUSALEM'S HOPES for creating a strong pro-Israeli central government in Lebanon have suffered a severe setback with the assassination of Mr Bachir Gemayel, the Lebanese President-elect who was due to take up office next week.

to engage in some serious re-assessment of its basic approach to the problem of its northern neighbour. Mr Shimon Peres, leader of the Israeli opposition Labour Party, said yesterday that the Government had made a serious mistake by relying on one man to implement its Lebanese policy. In his view, the assassination was a result of the chaos which is rife in Lebanon, and can only intensify the problems of that country.

government is installed in Beirut which is capable of controlling the country. He also wanted that government to establish peaceful relations with Israel. Recently, Mr Sharon warned that if Lebanon would not sign a peace treaty with Israel, then Israel would establish what he called a "special status" security zone in southern Lebanon.

leader from having close ties with Israel. Taken together, these attitudes must add up to Mr Begin's army having to prolong its stay in Lebanon. Some would suspect that Israel may find itself bogged down in Lebanon in the same way as did Syria after its troops were sent to the country in the mid-1970s to try to end the civil war.

Haig attacks Reagan's initiative

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON
MR ALEXANDER HAIG, the former Secretary of State, has come out of his corner for the first time since his June resignation with a biting attack on President Ronald Reagan's new Middle East peace initiative.

with Jordan, could lead to a "cutting session" between Israel and the U.S., Mr Haig warned. His remarks were warmly and frequently applauded. "The peace process will only move forward if there is a spirit of co-operation between Israel and the U.S.," he continued. "That has been shaken in recent days."

While still Secretary of State, he argued that U.S. attempts to restrain the Israeli forces would only play into Palestinian hands and encourage the PLO to fight on. He was overruled by Mr Reagan as American public distaste for the Israeli operation mounted.



Arafat... looking cheerful

Despite considerable disappointment over the way which Mr Gemayel appeared to be trying publicly to distance himself from Israel after his election last month, he was still regarded by Israel as the most satisfactory choice of leader.

The disappearance of Mr Gemayel from the scene is likely to delay further the prospects of an early withdrawal of Israeli forces from Lebanon. Even though Mr Menahem Begin, Israel's Prime Minister, said yesterday that the mutual withdrawal of foreign forces from Lebanon could be completed in a matter of weeks, this prospect must now appear more remote.

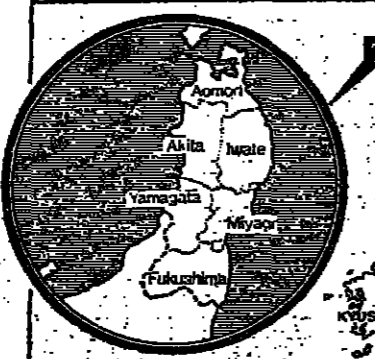
Mr Gemayel was a key figure in the Israeli grand strategy for Lebanon and his removal threatens to make that plan unworkable. The hope that by driving out the PLO Lebanese unity could be restored, has been badly shaken, and Jerusalem will have

Most people imagine Japan to be homogeneously industrialised. The Tohoku region is far from it.

Japan nurtures a developing area

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

TO THOSE who think of the Japanese archipelago as one huge industrial estate churning out steel and cars for export to Europe and the U.S. it may come as a surprise to learn that Japan has its own underdeveloped areas.



The six prefectures of north-eastern Honshu, known collectively as the Tohoku region, contain nearly one-fifth of Japan's total land area but were responsible, in 1981, for just 0.2 per cent of the nation's exports.

Until very recently, Tohoku has been known mainly for its hot spring resorts, its quaint wooden dolls and (before the Second World War) for the marked tendency of its young men to join the Japanese army. Now all that is changing. Tohoku's gross regional product has been growing faster than Japan's gross national product during the past two years or so, but not because its agriculture has been thriving, or because of a sudden burst of entrepreneurial enthusiasm on the part of local businessmen.

Characteristic of the Tohoku region as a whole—but rather more successful than most of its rivals in the race to attract investment—is the prefecture of Yamagata in the region's south-west corner. Until the early 1980s Yamagata's main industries were silk fabrics and sake brewing and the journey by road from the prefectural capital to Tokyo took a minimum of 12 hours in summer.

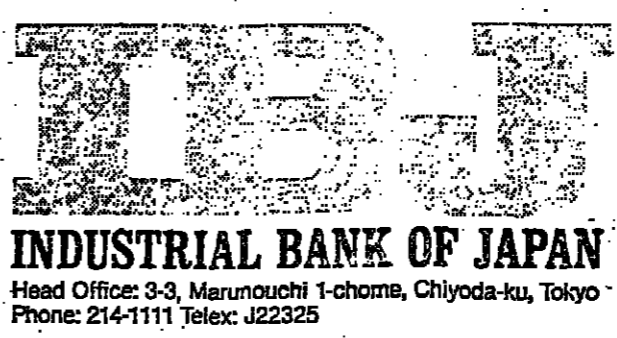
year economic development programme, seems determined to bring industry even to these places. At Shinjo, in the north-western corner of the prefecture, the snow lies 1.8 metres deep for four months in the winter and farming families go south in December to become casual labourers in Tokyo and Osaka. This will change in three years time when a Y8bn industrial estate, opens for business on the carved-off top of a small mountain.



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WORLD TRADE NEWS

Manila tries to boost semiconductor exports

BY EMILA TAGAZA

EXPORTS of semiconductor products have been one of the strongest props for the Philippines' delicate economy...

semiconductor export volumes have been increasing in absolute terms, their growth rates are declining. Last year's earnings of \$636m are up 22 per cent from 1980's \$522m...

hit the country early this year affecting a number of semiconductor producers. Most of the disputes arose from devalued wage negotiations.

of semiconductor companies from industrialised countries, especially the U.S. and Japan, because of cheap labour.

Optimism over airlines' future AIRLINES MAY be on the brink of better times. That note of optimism has come from Mr Paul R. Ignatius, president of the U.S. Air Transport Association.

Swedish consortium poised for joint venture in China

BY WILLIAM DUFFORCE, NORDIC EDITOR IN STOCKHOLM

A CONSORTIUM of Swedish companies was due to sign in Beijing yesterday a 22-page agreement establishing a joint venture to build a pharmaceutical factory in China.

The Chinese will invest the remaining \$8m in share capital. The total investment is expected to come to \$24m.

Ten countries submit plans for Indian power plants

BY K. K. SHARMA IN NEW DELHI

THIRTEEN companies from 10 countries have submitted detailed proposals to the Indian Government to build thermal and hydroelectric plants to help overcome the acute shortage of power in most parts of the country.

Eleven other offers have come from West Germany, Switzerland, France, Italy, Sweden, Poland, Yugoslavia, Austria and Canada. All are detailed proposals, most of them linked to specific projects, although a few are general and give the option to the government to choose the site of the proposed plant.

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Advertisement for The Bank of Fukuoka, London Representative Office. Features the word 'Opening...' and an image of a building. Text includes: 'Today. The Bank of Fukuoka London Representative Office. Japan's first contact with the world was through Kyushu...'

Venezuela in oil export drive

By K. K. SHARMA IN NEW DELHI

VENEZUELA hopes to increase its crude oil exports to West Germany five-fold under an agreement to send 100,000 barrels per day to West German refineries, says Petroles de Venezuela (PDVSA).

Bechtel to carry out refinery study

By Richard Johns

BECHTEL, has been commissioned by the Gulf Organisation for Industrial Consulting to do a feasibility study on a refinery to produce feedstocks for member states' petrochemical industries.

Emirates contract

CIT-Alcatel, the telecommunications arm of the nationalised Cie Generale D'Electricite, said it has won a contract to install its T-16 telephone system in the Arab Emirates, AP-DJ reports from Paris.

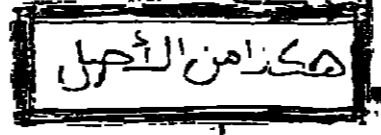
Soviet order won by Toyo of Japan

TOYO Engineering of Japan has won a \$15m (£8m) contract from the Soviet trade organisation, Technomashimport, to supply a 25,000-ton aluminium chloride plant.

Outlook brighter for Europe's U.S. arms trade

BY DAVID TONGE, DIPLOMATIC CORRESPONDENT

EUROPEAN countries' efforts to reduce their deficit in arms trade with the U.S. have been helped by recent moves in the U.S. Congress. The U.S. House of Representatives has reversed legislation enacted last year which prevented foreign companies from selling defence equipment to the U.S. if their products included "specialty metals" obtained from outside the U.S.



Handwritten note in a box: "مكتبة لادن"

Stansted 'would deprive the North'

BY NICK GARNETT, NORTHERN CORRESPONDENT

MAJOR CAPITAL projects, including British Rail's electrification programme, could be shelved or seriously delayed if Stansted Airport is developed, the North of England Regional Consortium says in evidence prepared for the public inquiry into proposals for turning Stansted into a third London airport.

An outline of the case which will be made next week by the consortium, representing 19 county and city councils and eight airport authorities, was published yesterday. It makes five general points about the proposal from the British Airports Authority.

The consortium argues that existing economic and social divisions between the North and the South have widened during the recession and that the need to alleviate this should influence all major national investment decisions.

Second, it says attempts to bring new dynamism to the regional economies would be further undermined by the cost of building a new airport at Stansted.

Third, it argues that a study by the Economic Intelligence Unit, commissioned by the consortium, shows that air travel to and from the UK will not rise at the rate projected by the BAA because the latter has been too optimistic about the speed of recovery from the recession.

All systems go for Lear Fan take-off

THE JOBS of 560 aircraft workers in Northern Ireland, and the possibility of more than 2,200 new jobs, appear to be safeguarded as a result of the new investment of up to £50m from Saudi Arabian and other investors in the revolutionary Lear Fan twin-engine turbo-prop business and executive aircraft.

The deal was announced in Belfast yesterday by Mr Bob Burch of Denver, the new chairman and chief executive of Lear Fan. Mr Burch is heading a consortium of businessmen, which includes the Saudi Arabian group, expected to invest up to £50m in the Lear Fan venture to get the aircraft into full production at factories in Newtownabbey and Aldergrove.

Mr Burch, an independent operator in the oil industry, has never been involved in aerospace, but he said yesterday that he and his fellow investors were "happy to be involved in the project."

He added: "We want to build a major aircraft and we have the manufacturing company to do it. The first step of survival is over. We want to have it (the aircraft) certificated, and then we want to prosper."

Everyone associated with the venture, not least the Government which has pumped in £34m, hopes Lear Fan is back on course for a long and profitable career in world business and executive aircraft markets.

The Lear Fan is a design for an eight passenger aircraft emanating from the late Mr William F. Lear. His widow Mrs Moya Lear, who is on the board of Lear Fan, yesterday said she was "very happy it has worked out like this."

The aircraft incorporates two turbo-prop engines (from Pratt and Whitney of Canada) driving a single propeller at the rear of the aircraft.

The aircraft is substantially built with advanced graphite epoxy and other composite materials, including boron, glass fibre and Kevlar. The basic design, engineering, research and development has been hitherto the responsibility of Lear Fan (USA) at Reno, Nevada, where about 400 are

Michael Donne on the £50m deal that will give birth to a "major" executive aircraft.

employed. Another 560 employed in the two Northern Ireland plants on manufacture and assembly.

The prototype flew in the U.S. some time ago and is said to be performing well in flight tests. The aim now is to get the aircraft into full production and to start deliveries next September, following the award of a certificate of airworthiness from the UK Civil Aviation Authority's airworthiness requirements board.

Advance orders total 272 aircraft. The aim is to increase production to between 20 and 30 aircraft a month.

The aircraft, which is expected to sell for close to \$2m (£1.17m) apiece, features a low fuel performance claimed to be about one-third that of small business jets of comparable size.

Under the re-financing package which has been agreed the Lear Fan organisation is being revised, with up to £40m coming from the group of US and Saudi Arabian investors and another £10m from the Northern Ireland Ministry of Commerce.

Mr Adam Butler, the Northern Ireland Minister for Industry and Commerce, said the Government would have two directors on the board of the company being set up, Fan Holdings Incorporated, of Delaware.

Lear Fan of Ulster will become a wholly-owned subsidiary of Fan Holdings. The Northern Ireland Department of Economic Development will have a 5 per cent stake in Fan Holdings.

It is hoped up to 2,800 jobs will be created in Ulster when the aircraft is in full production. Much depends on the recession. The world market for business and executive aircraft has been depressed in recent months but there is a widespread belief that once the recession fades, the market for business aircraft could improve substantially.

300 aerospace jobs cut

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

ABOUT 300 workers are to be made redundant because of a drop in orders by Normalair-Garrett, the high-technology aerospace engineering company jointly owned by Westland Aircraft (52 per cent) and Garrett Corporation of the U.S. (48 per cent).

The company, based at Yeovil, Somerset, employs about 2,200. The managing director, Mr William Miller,

said yesterday that a contracting order book made it necessary to shrink the size of the company.

A statement said that earlier this summer the company had experienced a plateau which looked like continuing for some time but "unfortunately the new business coming forward is well down on the disappointing prediction made at that time."

Island air fares may rise

BY OUR AEROSPACE CORRESPONDENT

BRITISH Midland Airways has asked the Civil Aviation Authority for permission to raise fares between provincial cities and the Channel Islands by up to 10 per cent from November 1.

The routes involved are from Belfast, Birmingham, Coventry, East Midlands, Glasgow, Liverpool, Luton, Southend and Teesside. The rises

vary according to time of year, type of service and route.

The rise sought between Birmingham and the Channel Islands is from £51.50 single to £54 (4.8 per cent) for an all-year economy ticket. A week-day special economy excursion ticket from Luton would rise by about 10 per cent next summer from £68 to £75.

'Key role' for voluntary groups in training

By Alan Pike, Industrial Correspondent

VOLUNTARY organisations will have a crucial contribution to make to the development of the Youth Training Scheme, the Manpower Services Commission said in a report published yesterday.

About one-tenth of places on the Youth Opportunities Programme, which the Youth Training Scheme will replace in a year's time, are provided by the voluntary sector. Voluntary organisations are responsible now for 44 per cent of places on community projects and almost 25 per cent of places in training workshops.

Yesterday's report, prepared by the MSC and representatives from the voluntary sector, suggest that organisations with "entrepreneurial flair and imagination" may wish to administer the scheme as managing agents—possibly sub-contracting elements of the training package to local employers and training establishments.

"There are many voluntary agencies with considerable experience of this kind of role," it says.

Voluntary Organisations and the Manpower Services Commission Special Programmes—MSC, Moorfoot, Sheffield, SI 4PO.

Quarter of householders own their own homes

BY ROBIN PAULEY

ALMOST a quarter of British householders owned their homes outright and another quarter were buying them, mostly with building society mortgages, in 1980.

According to the General Household Survey 1980, published by the Central Statistical Office today, most of the families in rented accommodation lived in local authority or new town homes.

The biggest fall was in the numbers living in private unfurnished rented homes, down from 12 per cent of all families in 1971 to only 6 per cent in 1980.

Of those people who owned their homes four in 10 had originally had a loan or mortgage and about the same number had bought the property outright. About one in eight had inherited the home, which was almost always a house rather than a flat or maisonette.

Owner-occupiers were far less likely to be among the two per cent of households burgled in a year. They suffered at the rate of only 21 per 1,000 compared with 72 per 1,000 for people in private rented furnished accommodation of whom flat dwellers were the prime targets.

The value of goods stolen exceeded £100 in about a quarter of all burglaries and about one in 10 of those affected were burgled more than once during the year. There were more consumer durables in homes to tempt

burglars than ever before. About 96 per cent of the population had a television set, ranging from a low of 85 per cent among the professional classes to a high of 99 per cent among skilled and semi-skilled manual workers.

About 93 per cent of households had a refrigerator compared with only 73 per cent in 1972 but a quarter still had no washing machine and the same proportion had no telephone although only 50 per cent of homes had a telephone as recently as 1974.

More cars

The proportion of householders with a car or van continued to rise very slowly and was 58 per cent compared with 52 per cent in 1972.

Among unskilled manual workers the proportion of car and van owners fell from 32 per cent in 1976 to 29 per cent in 1980, presumably reflecting the heavily-increased cost of running, taxing and insuring vehicles. At the other end of the scale the number of households with three or more cars or vans rose from one per cent in 1971 to two per cent in 1979 and 1980.

More people had installed the relatively-expensive item of central heating in their homes during the past decade and about 57 per cent of all homes had some form of central heat-

ing compared with 37 per cent in 1972. Fourteen per cent of professional workers and 60 per cent of unskilled manual workers were still without.

By 1980 more than half of Britain's mothers with dependent children were working but only 17 per cent had full-time jobs. Only about 23 per cent of mothers with a child under three had a job compared with 70 per cent of those whose youngest child was over 10.

The survey showed that many people—particularly men—still worked very long hours.

A third of all full-time male employees usually worked more than 46 hours a week in 1980 compared with 6 per cent of females. As many as 16 per cent of the men worked 51 hours or more. Both managers and foremen tended to work longer hours than other socio-economic groups and more than half the men employed in transport and communications worked 45 hours or more per week.

The majority of men working very long hours usually did some paid overtime but a quarter working more than 60 hours a week said they did not work overtime and 16 per cent said their overtime was unpaid.

Of the 35 per cent of all male employees who did work some paid overtime, two-thirds said they had to rely on it to bring their pay up to a reasonable level. There was a change in the

pattern of spending on drinks and cigarettes. The popularity of smoking continued to decline among men but not women. Only 43 per cent of men smoked in 1980 compared with 45 per cent in 1978 but the proportion of women smokers remained at 37 per cent. Smoking fell off sharply in the 16-24 male age group where it is down to 25 per cent compared with 36 per cent of women.

In 1980 there were fewer male heavy drinkers and more light drinkers than in 1978. However, 23 per cent of men were still classified as heavy drinkers. This means consuming at least seven or eight units of alcohol on a typical occasion even if that occasion is only once or twice a week. A unit is half a pint of beer, lager or cider, a single spirit measure, a small glass of port or sherry or one glass of wine.

The Scots have finally lost their reputation as heavy drinkers in Scotland than in Britain as a whole and expenditure per household on alcoholic drinks was higher in the north west, Yorkshire and Humberside than in Scotland.

The survey shows that more people than a decade ago had educational qualifications and the earnings gap between the highly qualified and the less qualified was narrowing fast.

In 1980 36 per cent of men and 26 per cent of women had some "O"-level passes compared with 23 per cent and 15 per cent in 1971. In 1980 men with full-time jobs who had a university degree or similar qualification earned an average of 50 per cent more than those without any "O"-level. In 1971 they earned 100 per cent more.

Old people

A new section of the survey deals with the situation of Britain's elderly (aged 65 or over) living in private households. Some 60 per cent of the total were women rising to two-thirds in the over 75 group.

A third of those over 65 lived alone and at least 70 per cent of the elderly lived in households where no one was under 65.

Most of the elderly—six out of seven—saw friends or relatives at least once a week and nearly a third did so every day or more often. More than a third of the old people in the survey had seen a doctor during the previous month.

The survey is compiled every year from interviews with about 24,000 adults living in private households in Britain. Together with the Family Income Survey and Social Trends it provides a statistical picture of the evolving pattern of the way we live.


General Household Survey 1980, SO 212/70



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MANAGEMENT: Marketing

How Sodastream put new pep into the soft drinks market

BY LORNE BARLING

SUCCESS has been a long time coming for Sodastream, the home-made fizzy drinks machine. First marketed nearly 80 years ago, it has for many years been mainly confined to the butler's pantry in aristocratic homes... Now selling more than 800,000 machines a year at home and abroad, the Peterborough-based company has recently been re-assessing the reasons why the product, which many retailers were reluctant to stock until a few years ago, has taken off.

package, including servicing arrangements, by a single company. The break with Kenwood proved acrimonious. Sodastream served an injunction on Kenwood preventing it from marketing its own drinks machine for a year. For the following year, until October 1980, the machine had to be known as the Thorne Cascade, before reverting to the name Kenwood. However, with that behind it, Sodastream invested heavily in a promotional campaign to broaden its attraction and stress the fun aspect and the child appeal of its soft-drink range.



Harry Hemens with one of the first models of his drinks machine and the most recent. "Company policy is to build an international name for Sodastream"

market. We want to encourage people to experiment with their drinks, adding as much fizz or concentrate as they like," he says. Despite a high volume of advertising, research has shown that 80 per cent of Sodastream sales are through personal recommendation, and that 93 per cent of owners are very satisfied with the product.

trates market, which grows with the sale of each machine. It is hoped that profits from refilling cylinders will remain at their present level. Legal action has had to be taken to prevent another company from refilling Sodastream cylinders. Aside from the commercial loss involved, there is also a liability aspect in relation to safety.

up a special export division, basing its strategy on UK experience, which has shown that getting into the first 1 or 2 per cent of homes is difficult, but sales thereafter become progressively easier.

Liability Sales of concentrates, of which there are now 25 different flavours, have risen from 120,000 litres a year in 1974 to 8m litres a year now. Profits come in three roughly equal parts, from machine sales, gas refills and concentrates, but the balance is now swinging strongly towards concentrates.

However, the growth prospects for machine sales beyond 15 per cent of UK homes are regarded as less favourable, and the company is favouring the export market to make up for this. Sales abroad already account for 35 per cent of turnover, and the company won a Queen's Award in 1982; the potential is tremendous, Hemens believes.

Sodastream's approach to marketing—moving in quickly when the potential of a market becomes evident, as was the successful introduction of low calorie drinks—appears to have played a major part in its 25 per cent annual growth in turnover since 1975.

The original machine was developed by Gibbys, the distilling group, and, after a number of changes of ownership and a somewhat doubtful version (known as the trench mortar, because of the tendency of the cylinder to fly out), the company name and rights were sold by the Reckitt and Colman Foods group in 1973 for a nominal £1.

He advocates a "join them if you can't beat them" policy on behalf of the majors, pointing out that concentrates from soft drinks companies such as Vimto and Tizer, are marketed by Sodastream with considerable success.

British Airways on the move



Bill Barry—trying to put a brave face on the situation

BRITISH AIRWAYS' decision to "fly its flag" on Saatchi and Saatchi's masthead after 38 years with Foote, Cone and Belding shows that even blue-chip clients can no longer be relied on to "take more care of you." FCB learnt late on Monday night, in a terse personal letter from Sir John King, BA's chairman, that it had lost the £17.5m account for handling British Airways advertising in the UK and some 30 other countries around the world. It was a blow that, although much speculated on in recent weeks, left something of a bitter taste at FCB when the coup de grace was finally delivered.

simple question: where did we go wrong? FCB, a U.S.-owned agency although the London operation is independently run, first won the account for British Overseas Airways Corporation in 1946. By 1949, the agency had already developed the copy line "BOAC takes good care of you"—which was to survive for over three decades more.

its aim of hiving off the airline to private industry. FCB was not unkindly surprised when Sir John and other BA senior executives wanted to review the advertising commissions over the past couple of months and was happy to provide an internal presentation of its current strategy. But in its sense was this a formal "pitching" for the account? FCB maintains that by all objective standards, the BA advertising campaign has been extremely successful. Saatchi and Saatchi, however, come to a different conclusion in its market research—a conclusion which it used to persuade BA that it could offer a radically different approach. Saatchi found that BA's image was not sufficiently strong in either the UK or overseas to make passengers prefer flying BA to any other carrier.

David Churchill

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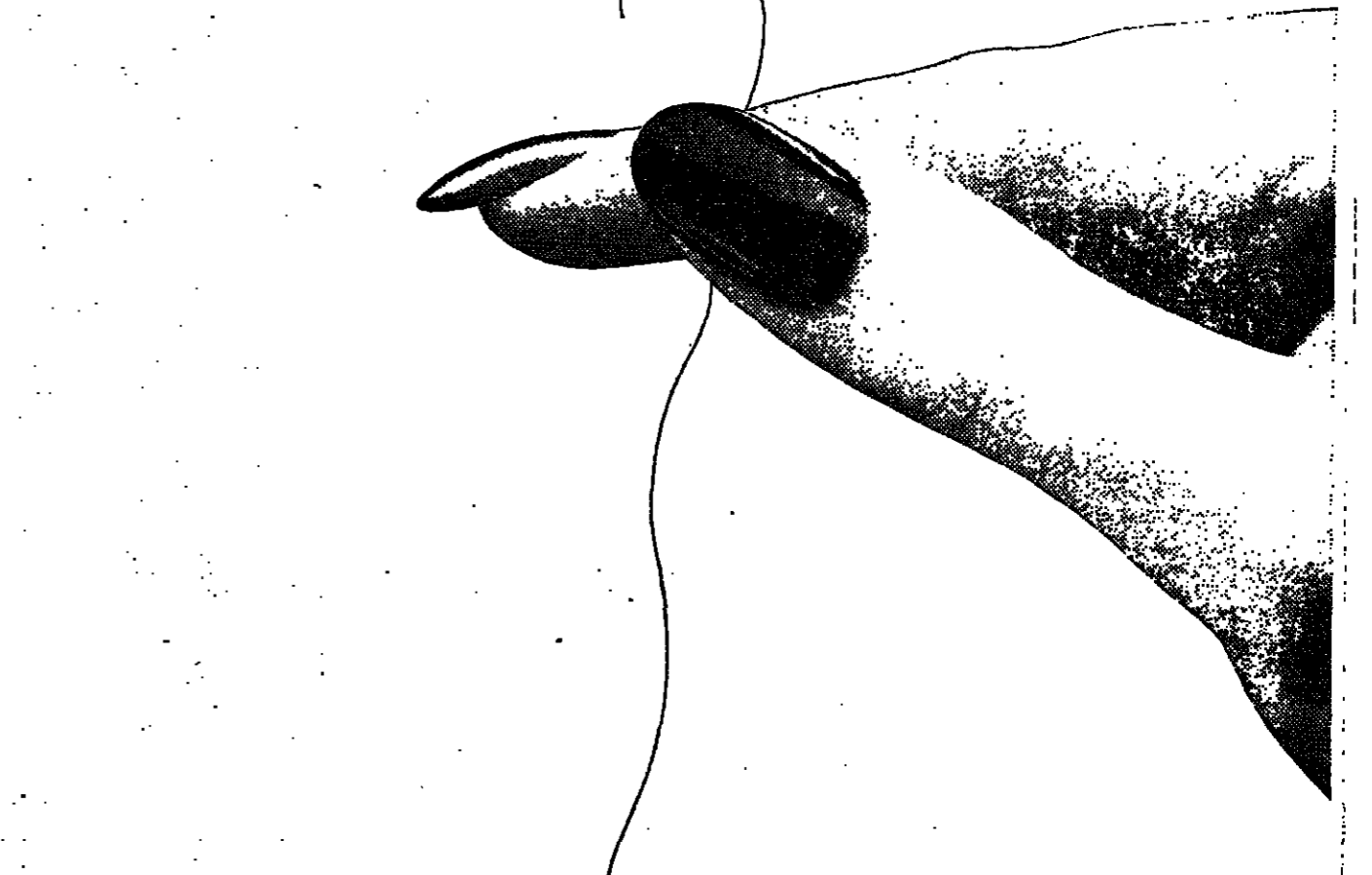
Controls imposed 'with industry's consent but against its interests'

BY MAX WILKINSON, ECONOMICS CORRESPONDENT THE MASS of Government controls on industry have been imposed with at least the tacit agreement of the business community and are against the interest of consumers, Professor George Stigler said in the 19th Wincott Memorial lecture yesterday. Professor Stigler of Chicago University, told his audience in London: "There is no more notorious fact than the proliferation of Governmental policies designed to control and direct economic activity."

Professor Stigler's second proposition was that the people with power in the economy were generally the entrepreneurs and managers. This class was so powerful in the U.S. that it was impossible to believe that political interference with the economic system could have taken place without the permission of the industries that were regulated.

From the industry's point of view however there were two sides to the process of government regulation. On the one hand businesses had been favoured with regulations which gave at least short-term advantages to some of them, such as protection from rivals or subsidies.

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TAKE A CLOSER LOOK AT GWENT In Financial Times Survey 24th September 1982

Unique in its field? Distillers USA 'Glass roots approach' Mather & Flint 'Considerably more professional' Evode 'Excellent' GMI Detroit 'The clarity and perception of its reports' Dept of Industry

JOBS COLUMN

When Big Brother papers the public...

BY MICHAEL DIXON

PEOPLE were fooling about all over the tourists' section of the night train from Riga to Leningrad. I just had to join in. So hammering on the door of the sleeping berth holding the rest of our party, I barked out: "Your papers, please!"

It was not quite the universal success I had hoped, particularly with our accompanying Soviet officials. But the joke proved a good one to the other Britons at least. After all, it's laughable to imagine our lives being subject to what is written in our "papers."

Oh yeah?

Never before have the prospects of our younger citizens been so dependent on the award of bits of paper. The number of different brands of "British Qualifications" as listed in Kogan Page's directory, has grown fairly modestly—by 35 per cent to 1,375 since 1966. But professional bodies and big employers, not least the Civil Service and local authorities, have hoisted whole-sale the levels of certification they demand of potential recruits.

Of late, entry to any employment whatsoever has become more and more restricted to certificated youth. And the key to attaining that happy state is the national academic examinations normally taken at the age of 16, which signifies the end of compulsory schooling.

Of the country's 16-year-olds, about 40 per cent are not entered for those exams in the first place and so receive no bit of paper at all. Another 25 per cent or more receive certificates which are of little or no value on the jobs market because they record at best substandard results. Only the remaining one-third or so achieve the pass grades which open the way to so-called higher qualifications.

The proportion who go on to pass the later school-leaving exams at 18-plus is far smaller. Beyond that, only about one-eighth proceed to one of the various degrees or diplomas of higher education, which are increasingly a precondition of entry to the better rewarded and regarded jobs.

Anyone who assumes that the academic paper-chase must be beneficial at least to the education system, would be at loggerheads with the second biggest teachers' union: the National Association of Schoolmasters and Union of Women Teachers. It has just described what it sees as the ill effects. (Since it has done so in a sentence of prodigious and indigestible length even for a schoolmaster, I'll pass on the news in pre-selected form.)

"... to divide the pupil population into polarised 'sheep' and 'goats' categories;

"to widen the gap between somewhat like Frankenstein's

schools and employers who find it difficult to interpret the results of examinations in terms of their own requirements;

"to distort and impoverish the curriculum which is largely confined to examinable subjects;

"to transplant what is essentially a grammar school system of education with its identification of an academic/professional elite onto a comprehensive and largely mixed ability system, with the inevitable symptoms of rejection;

"to demonstrate what a pupil is incapable of rather than what he can do;

"to stigmatise as failures those very pupils who are already lacking in motivation and self-confidence, with incalculable consequences in later life;

"to create an intellectual caste system, or the two nations syndrome, which is costly and wasteful of human effort and which neglects the educational needs of a large majority of pupils;

"to confine complex educational processes within the simple 'pass' and 'fail' concepts of the examination grades;

"and to invest certain qualifications with a bogus value which is beginning to have less and less currency in today's labour market." Phew!

All of which suggests that, somewhat like Frankenstein's

monster, the national fixation on bits of paper is beginning to disconcert the educators who gave rise to it. So what does the teachers' union think we should do about the problem?

The solution?

Issue a whole lot more bits of paper, that's what.

Instead of restricting the award of certificates—a large number even of them quite valueless—to the 60 per cent of children taking the 16-plus exams, we should henceforth impose one on every pupil at the end of his or her compulsory schooling.

The new papers, the "in" name for which is profiles, would not only record the holder's exam attainments or the lack of them. The profile would also enshrine the views on the 16-year-old's personal qualities such as punctuality, initiative and ability to relate to other people; or again, of course, the lack of them. Nor is the second biggest teachers' union the only educational organisation pressing for this particular kind of comprehensive papering.

But more is still to come.

Another ambitious body not entirely happy about the present state of affairs is the Manpower Services Commis-

sion. Any activity officially deemed education is outside its remit. The mere fact that the obsession with certificates effectively cripples many children's life chances well before they leave school, is none of the commission's business.

Its scope is limited to the people leaving education after reaching the age of 16 and who can neither find jobs nor continue in the academic paper chase to the 18-plus exams and beyond. The commission's major job is to make these young people employable in some other way. So the papers issued by the separate educational bureaucracies would seem to be in competition with the MSC's interests.

Perhaps accordingly, it is planning to issue its own additional profiles to every teenager passing through its forthcoming Youth Training Scheme. The evident result would be that most Britons of the future would not only be saddled with a certificate at the age of 16, but also subsequently with either at least one more of the academic variety or an extra profile from the MSC.

The process could go on still further. (The Social Democrat Party apparently wants to integrate various and numerous profiles into a dossier we shall all carry through life—the last entry on which would no doubt

in many cases be signed by the coroner.) But I won't.

I will only ask whether the same solution is not simply to reduce severely the certifying that goes on already?

The national school-leaving exams originated when the universities persuaded the schools to conduct on a group basis the entrance tests the universities previously carried out individually. More recently the general taxpayers have been gulled into paying for the exercise, at a cost of at least £50m a year. That may be why employers have increasingly based their preliminary selection on the same exams, even though they have little or no relevance to practical working ability.

There seems to be no good reason why we should not just drop the national examinations and return the responsibility, and the costs, of preliminary selection to the universities and employers.

Nor can I see any reason to believe that, if the various Big Brothers are permitted to paper the entire public, the employers will use the results more wisely and to any greater benefit to the economy or society.

All we can count on is that the exercise would make more work for more bureaucrats to do, at a still higher cost to the wealth-generating sector.

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Assistant Managing Director
Capital Equipment £20,000-£25,000

For a medium-sized company making high-quality capital equipment. The appointment is intended to strengthen the management team in the commercial area and provide for long-term general management succession in a few years time.

Candidates, aged 40 - 45, should be qualified accountants with mature experience of the financial and commercial functions. Experience of cost-reduction programmes and installing/up-grading management information and control systems, preferably in a medium-sized capital equipment company, is desirable.

Starting salary negotiable as indicated; appropriate benefits.

Location: East Midlands.
 Please send C.V. with salary details in confidence to:-
 S.W.J. SIMPSON (Ref. 14953).

Spicer & Pegler Management Consultants,
 St. Mary Axe House, 56-60 St Mary Axe,
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Senior Banking Appointments

CAPITAL MARKETS Salary: Negot
 Rare opportunity to join an international merchant bank in their thriving new issues section. Excellent chance for career development. Age 24/30.
 PLEASE CONTACT: David Little.

BOND SALES Salary: up to £15,000
 A busy team of professionals with this international bank seeks an additional salesman, although previous experience is desirable, candidates with a mature outgoing personality and a desire to be successful may also be considered.
 PLEASE CONTACT: David Little.

SENIOR CORPORATE LENDER Salary: to £20,000
 Required by an established, European bank to maintain and develop their lending activities. The successful candidate will have in-depth experience of credit and trade related transactions.
 PLEASE CONTACT: John Webster.

Leasing Appointments

SENIOR LEASING: General experience of Middle East leasing required to £40K.
SENIOR ANALYST: for international banks leasing subsidiary £13K + Car.
YOUNG LEASING EXECUTIVES: with several years marketing experience c £10K + Car.
ACA: recently qualified. For a major US banks leasing subsidiary c £11K.
 PLEASE CONTACT: Brian Goach.

Jonathan Wren BANK RECRUITMENT CONSULTANTS
 170 Bishopsgate London EC2M 4LX 01 623 1266

Manager, Data Processing

Nordic Bank is one of the City's major international merchant banks with substantial plans for the continued development of its computerised banking systems.

The bank now seeks to recruit a Manager to assume responsibility for established teams involved in all aspects of data processing, word processing, and communications in London. The position will also involve the provision of advice and support to the bank's international subsidiaries and some overseas travel is envisaged.

Candidates, in the age range 28-35, will be data processing professionals with extensive experience of resource management and the development, planning and installation of hardware and software ideally gained from within a banking environment.

A competitive salary supplemented by a full range of generous benefits will reflect the importance of the position and the successful candidate will be rewarded with a challenging opportunity for career advancement.

Interested applicants should send full details of their career to TOM KOLLINSKY at NORDIC BANK PLC, 20 St Dunstan's Hill, London EC3R 8HY.

Nordic Bank PLC

Expand your Sales Expertise in Euro-bond Placements Package £20,000 Plus

Aged 24-30 years, you will already have at least 4-5 years proven experience in the selling/placement of straight Euro-dollar bonds and will currently be successfully accumulating your own list of clients.

You are probably reading this now because you seek more stimulus from sales leads and an opportunity to expand your own knowledge in the future—dealing in Japanese bonds, for example.

One of the largest and most prestigious Japanese financial corporations is keen to maintain the rapid growth of its City-based European subsidiary operation.

Your first class Merchant/Consortium Bank background could

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A negotiable package worth at least £20,000 p.a. is anticipated and overall benefits include high basic salary, bi-annual bonus, mortgage subsidy, BUPA, Pension/Life Assurance, luncheon allowance and personal loan facilities, etc.

If you are sufficiently confident you can match our demanding requirements, send comprehensive details of your career so far to me, Richard J. Sowerby, Senior Consultant at Cripps, Sears & Associates (Personnel Consultants) 88/89 High Holborn, London WC1V 6JH. Tel: 01-404 5701 (24 hours).

Cripps, Sears

European Sales £10,000 neg.

An opportunity exists in the trading area of a prime European Bank to become involved in Eurobond Sales. Knowledge of Euro-bonds essential but the successful candidate will not necessarily have been employed by a professional trading house. Fluent German would be an asset.

Please ring CHRIS WENBORN on 01-638 9205
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Blomfield Street, London EC2. Tel: 01-638 9205/628 0494

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We think that if you're a successful and ambitious salesman/woman, you'll read the Financial Times as a recruitment medium, and know that we're the most favoured market place for advertising financial and accountancy vacancies; and many top management positions. You'll be intelligent and self-motivated, able to spot—and exploit—potential markets, write articulate sales literature; selling our advantages to advertising agencies, consultancies, and direct clients seeking senior level personnel.

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We're looking for a young sales executive, in his or her 20s to specialise in selling recruitment advertising space. You'll already be aware of our newspaper as a recruitment medium, and know that we're the most favoured market place for advertising financial and accountancy vacancies; and many top management positions. You'll be intelligent and self-motivated, able to spot—and exploit—potential markets, write articulate sales literature; selling our advantages to advertising agencies, consultancies, and direct clients seeking senior level personnel.

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GNI Ltd, a leading financial futures company, requires an expert dealer who has had experience in the London and American money markets.

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The Managing Director,
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Tel: 01-481 1262

GRADUATE REQUIRED by Continental Stockbroker

TO BE BASED IN LONDON

To be trained for Financial Futures Market. No previous experience necessary, French an advantage. Male or female. Age 22-25.

Please reply with full CV to: Box A7967
Financial Times, 10 Cannon Street, London EC4P 4BY

International Banking

Our Client is a Licensed Deposit Taking Institution, based in London, with equity recently acquired by influential Arab Businessmen/Bankers and further capital increase imminent. They now seek to appoint two experienced Bankers to join the Management Team.

Manager Banking/Business Development

£27,000

This position calls for:-

- Formal credit training in an International Bank.
- Substantial experience in developing Bank/Client business especially geared to or gained in the Middle East.
- Ability to establish and control all aspects of Risk Management.

Manager Operations

£22,000

Essential requirements for this position are:-

- In depth knowledge of all Banking Operations (credit, trade, foreign exchange and inter bank dealing) capable of establishing a computer control accounting and information system.
- Experience in Personnel Management.
- A complete understanding of all Bank of England and regulatory returns.

Both positions report to the General Manager and are effectively "Start up" situations requiring drive and initiative and only candidates able to demonstrate these skills should apply. The ideal candidates are probably 25/35 years of age currently holding a similar or deputy position, seeking greater challenge and recognition.

An attractive compensation package will be negotiated with the successful candidates.

To apply please forward detailed curriculum vitae in strictest confidence to M. J. R. Chapman quoting reference 6317.

Lloyd Chapman Associates
125, New Bond Street, London W1Y 0HR 01-499 7761

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HAMBRO LIFE are looking for people that do... individuals to join the corporate audit department of a multi-billion \$ U.S. corporation. Age 30+ with a good professional accounting background and post qualification experience in a fast moving progressive business environment. Career prospects are international, thus European languages would be an asset.

BASED EUROPE, RVP: 2334A

TAX PLUS £14,000

A substantial U.K. group offers you the opportunity to utilise your tax experience in a challenging financial role. As Deputy Group Financial Controller you will be principally responsible for providing tax advice to manage the Group's liability. In addition, you will monitor overseas subsidiaries and participate in group accounting. Although not necessarily a specialist the successful candidate will possess a sound tax background.

LONDON, JG/1088A.

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Accountancy Appointments

ACCOUNTANCY APPOINTMENTS ARE CONTINUED ON FOLLOWING PAGE

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seek Accountants and Business Graduates in London and Manchester £15,000-£20,000+car

We are an expanding consultancy practice whose clients, both in the U.K. and overseas, include small businesses, multi-national corporations, governments and other public sector organisations. The work will include analysing clients' problems, advising them on strategic planning and organisational matters and helping them to improve their operating, management information and control systems. In addition to UK work, our consultants have opportunities to participate in projects overseas, for which generous supplements are paid. Applicants should have a first degree together with either an accountancy qualification or MBA. They must also have at least two years post qualification financial, management or systems experience. Please send a comprehensive career résumé, including salary history and day-time telephone number, quoting ref. 2074, to G.J. Perkins.

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A member of the Management Consultants Association.

UK & INTERNATIONAL APPOINTMENTS

<p>FINANCE DIRECTOR £21,000 + Bonus</p> <p>A U.K. company can offer a challenging single status contract to a qualified accountant with Middle East experience. Responsible for both finance and administration you will participate in the day to day running of the company. Candidates, aged 30-45, should have previous senior management experience plus the commercial flair necessary for promoting the company's business.</p> <p>SAUDI ARABIA, JG/1026D.</p>	<p>KEY TREASURY ROLE c£17,000</p> <p>An excellent opportunity exists for an experienced treasurer at the Head Office of this international pharmaceutical group. Working closely with the Group Treasurer, the Treasury Manager will play an important role in the financing of the group's operations and in dealing with its cash resources. There will be considerable contact with both operating companies and banks. Applicants should be qualified accountants in their early 30s possessing broad international treasury experience.</p> <p>C. LONDON, JG/1066D.</p>	<p>INTERNATIONALLY MATURE From £15K Package</p> <p>... individuals to join the corporate audit department of a multi-billion \$ U.S. corporation. Age 30+ with a good professional accounting background and post qualification experience in a fast moving progressive business environment. Career prospects are international, thus European languages would be an asset.</p> <p>BASED EUROPE, RVP: 2334A</p> <p>TAX PLUS c£14,000</p> <p>A substantial U.K. group offers you the opportunity to utilise your tax experience in a challenging financial role. As Deputy Group Financial Controller you will be principally responsible for providing tax advice to manage the Group's liability. In addition, you will monitor overseas subsidiaries and participate in group accounting. Although not necessarily a specialist the successful candidate will possess a sound tax background.</p> <p>LONDON, JG/1088A.</p>
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ROBERT HALF

ACCOUNTING, FINANCIAL AND BANKING RECRUITMENT & SEARCH CONSULTANTS

GROUP ACCOUNTANT

£13,000 London W1

Our client, a small prestigious property company are looking for a young Chartered Accountant to take control of their entire accounting function. This role will suit someone with two years' post qualification experience in the commercial sector and who has the ability to develop the function to its fullest extent.

Please telephone Nigel Sullivan in complete confidence on 01-429 8863

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Required for small printing group with important potential. Branches in London/Herts/Camb. The person will be responsible to the MD for the smooth running of all financial aspects in the group and to carry out all relevant duties that will gain the confidence of the board. Ample scope for advancement. Salary negotiable but commensurate with position. Various other benefits including pension scheme. It is hoped that the successful applicant will be able to take this position within a short period of time.

Write in first instance to Box A7963, Financial Times
10 Cannon Street, London EC4P 4BY

Financial Planning Manager

To £20,000+car

International Group London based

Our client is a successful and rapidly expanding International group, with a requirement for a Financial Planning Manager to control a small but highly qualified department based at their headquarters in London. Candidates should be fully qualified Accountants, probably aged 30-40, who have had a sound professional training with a major auditing practice followed by relevant commercial experience in either a senior financial or planning role with a major company. The appointment requires candidates, of either sex, possessing good leadership qualities with the ability to liaise effectively at all levels. The position has considerable long term potential and should appeal to those candidates seeking to broaden and expand their career, and at the same time to make a significant contribution to the continued success of the group. Terms and conditions of employment reflect the importance of the appointment.

Please write or telephone for an application form to S.W.J. Adamson, FCA, Director, Grosvenor Stewart Limited, Hamilton House, 15 Tilehouse Street, Hitchin, Hertfordshire. Telephone: (0462) 55303 (24 hour answering).

GROSVENOR STEWART
International Recruitment Consultants
London Brussels Frankfurt Johannesburg

Planning Executive

West of London £14,000+Car

Our client is a well known major group operating in the multiple retail sector. They are an autonomous subsidiary of a £3 billion plus turnover multinational. The company considers it essential that marketing success is backed by a strong and sophisticated planning service. Consequently, they seek to strengthen this function by the appointment of someone with relevant experience in financial modelling, EDP and planning. Ideally, he/she will be either a qualified accountant or MBA and aged 25-30. Personal qualities should include creativity, determination and the ability to secure maximum co-operation at all management levels. The position reports to the Planning Director who will demand and expect commitment and results. Applicants should contact Philip Cartwright A.C.M.A. quoting ref: 841 at 31, Southampton Row, London WC1B 5HY.

MP
Michael Page Partnership
Recruitment Consultants
London Birmingham Manchester Glasgow

Accountancy Appointments

Accounting Manager International Banking

City of London
to £15,000+car

Our client is the international banking arm of a worldwide financial organisation with total assets of \$17.7 billion. The Bank provides the Group's clients with a broad range of commercial loan, deposit and foreign exchange services, and is currently undergoing some dramatic and exciting changes.

The Accounting Manager will be responsible for the day-to-day operations of the Accounting Department covering U.K. and international accounting and tax implications, and for the provision of financial information, including the development of regular financial statements.

Qualified Accountants are required, preferably Chartered, and with at least three years' experience of international banking either as a professional auditor or in a line management

position. Candidates, male or female, should be energetic, mature, flexible and self-motivated.

Benefits include a company car, a staff mortgage, four weeks' annual holiday, and a pension and life assurance scheme. There are excellent prospects for advancement from this position.

Please reply to Alan Gisham, in strict confidence, with details of age, career and salary progression, education and qualifications, and quoting reference 1099/ET on both envelope and letter.

**Deloitte
Haskins + Sells**
Management Consultants

128 Queen Victoria Street, London EC4P 4JX

Finance and administration manager - international contracting

Hampshire, c£20,000 + car



The construction subsidiary of an international group the company will more than double its turnover of £15 million this year and has signed a record level of new contracts.

Reporting to the MD and a key member of the management team, you will supervise the range of contract support services. In addition to maintaining sound financial control, there is a constant emphasis on monitoring contract performance and highlighting and resolving claims due.

Probably in your 30's and male or female, your qualification in accountancy or other relevant profession, together with your background in international contracting will have provided the management skills necessary to control and contribute to a rapidly expanding operation.

Resumes including a daytime telephone number to Stephen Blaney, Executive Selection Division, Ref. BO63.

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& Lybrand
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Coopers & Lybrand Associates Limited
management consultants

Shelley House Noble Street
London EC2V 7DQ

Substantial international pharmaceutical group ...

U.K. FINANCIAL CONTROLLER

Home Counties

c.£30,000 p.a.
plus usual benefits

Our client is a notably successful British-based international group of companies engaged in the research, development, manufacture and marketing of an extensive range of pharmaceutical and related products throughout the world. The U.K. operations account for one-third of group activities, with group turnover exceeding £550m. Significant investment in R&D will ensure continued growth.

Reporting to the Group Finance Director, the appointee's task will be to control, administer and develop the U.K. finance function to effectively serve the accounting, information and planning needs of both operational companies and group management. Achievement of results through the motivation of others, and the fostering of close relationships with senior non-financial management are keynotes to this appointment. There is emphasis on a strong contribution to profit maximisation and cost control.

Applications are invited from qualified accountants, preferably graduates, who can demonstrate a record of high achievement leading to a senior line role within a large corporate environment. Age indicator: 35 to 45. It is probable that candidates will have gained broad exposure within a multi-site manufacturing organisation. A challenging initial role is assured, with medium term prospects at group level.

Written applications containing relevant personal and career details should be forwarded, in confidence, to Anthony J. Forsyth, B.Sc. at our London address quoting reference number 3745.

ACCOUNTANCY APPOINTMENTS

APPEAR EVERY
THURSDAY

Rate £29 p.s.c.c.

For further information
please telephone
Carmina Leon 01-236 9763

Group Finance Director DESIGNATE

North of England
£25,000 + bonus
and car

Our client, a leader in the building supply industry, with a nine figure turnover and a consistent record of growth and profit, seeks a successor to the present Finance Director who retires next year.

The appointee will assume total functional responsibility for the financial activities of this major UK group, will provide a comprehensive management and financial accounting service to the Chairman and Group Board, and will assist operating management by working closely with accountants in the subsidiaries.

To fill this important post, an experienced executive is sought who has a well developed commercial sense and wide knowledge of all significant aspects of financial and cost management. The successful candidate will have been responsible for both internal and external aspects of corporate finance. Experience in a sizeable manufacturing and selling business is necessary and knowledge of the building industry would be an advantage, but is not essential. Preferred age 35-48 and with an accounting qualification. This is a main board appointment; benefits include car, pension scheme, and relocation expenses.

Men and women are invited to write in confidence giving career details, age and current salary. Please include your telephone number and quote 4196/FT on envelope and letter.

urwick

Urwick, Orr & Partners Limited
MANAGEMENT AND SELECTION CONSULTANTS
Baylis House, Stoke Poges Lane, Slough SL1 3PF

urwick

Group Financial Controller

London

Circa £28,000

Our client is a major well established financial services group with an outstanding growth record. The current scale of operations requires the creation of the new post of Group Financial Controller carrying responsibility for the management of the organisation's Finance function.

Accountable to a director, who has responsibilities in addition to Finance, the individual will control all financial and management accounting including taxation, both for the Group as a whole and within subsidiary companies.

Candidates, male or female, will be qualified accountants, ideally with experience in the financial sector. They must have a proven record of financial management in a large Group and of contributing to decision-making at Board level. There are excellent career development prospects.

Remuneration will include a company car, executive pension scheme, subsidised mortgage and relocation expenses, if appropriate.

Please apply initially in complete confidence, quoting reference 1345, to David Thompson, who is advising on this appointment. List clearly any companies to whom your details should not be sent.

Oggers

MANAGEMENT CONSULTANTS
Oggers and Co Ltd, One Old Bond St,
London W1X 8TD 01-499 8811

ALLIED Manager of Corporate Audit Corporation

European Based

Excellent Package

Our client is Allied Corporation, a \$6 billion plus turnover U.S. group whose diversified business includes chemicals, oil/gas, electrical products and information systems, fibres and scientific health products. They have a strong European presence worth \$1 billion in turnover.

Following a line-management promotion, they seek a manager to Head the European Corporate Audit Function. This is a Senior Management position with responsibility for leading and motivating a small, high-powered team conducting audits, operations reviews and systems evaluation. Reporting to the U.S. Director of Corporate Audit, the position involves considerable liaison with subsidiary operating management, external auditors and other top-management.

Consequently, candidates should be qualified Accountants, having a minimum of 4/5 years post qualification experience gained in the profession or industry, with the character and presence necessary to ensure the continuing success of this function as an aid to management. Fluency in English and one other European language is essential. Other desirable qualities include considerable mobility and a high ambition factor.

The Manager may choose a European base from which to operate. This may be Paris, Brussels, Frankfurt or London. The company offer an excellent salary and expenses package which will be adjusted according to location. There are first class career advancement opportunities.

Interested applicants should contact John Sheldrake on 01-405 0442 or write to him at 31 Southampton Row, London WC1B 5HY. Telex 296091.



Michael Page International
Recruitment Consultants
London Birmingham Manchester Glasgow

FINANCE DIRECTOR

TI Raleigh Industries Ltd is Europe's largest cycle and cycle component manufacturer with interests worldwide. Turnover is currently in excess of £130M and recent changes in key management positions within the Company have led to the successful adoption of a more aggressive marketing strategy designed to ensure that the Company exploits to the maximum its growth potential. This is being supported by a substantial programme of capital investment.

We now wish to appoint a Finance Director who, as a full Board member, will join the new management team. Whilst being responsible for all aspects of financial management ranging from the formulation of policy to the development and maintenance of effective financial and cost control systems, it is of vital importance that the successful candidate

is able to contribute fully to the general management of the business. Candidates should be qualified accountants/MBAs, aged 35-45 with senior financial management experience within manufacturing industry and ideally in the consumer product sector. Experience of the financial control of international operations would be an advantage.

The income package will be commensurate with an appointment at this level and will reflect the potential contribution to the business expected from this appointment.

If you would like to learn more about this key appointment, please write in strictest confidence, enclosing a curriculum vitae, to R. J. Marshall, Personnel Director, TI Raleigh Industries Ltd., London Boulevard, Nottingham.

RALEIGH

BERMUDA

Circa \$28,000 starting salary

We have recently been requested to recruit two or three Qualified Accountants to join this expanding international company in Bermuda. Applicants should be preferably single, and immediately available for interview in London.

For further details and a discussion in confidence:

Telephone CHRISTOPHER STOCK
on 01-481 8111



**BANKING & ACCOUNTANCY
PERSONNEL SELECTION**

110, Avenue Road, 110, Avenue Road, London EC2M 6JL TEL: 01-481 8111

A London Discount House is seeking a QUALIFIED ACCOUNTANT

with experience of computers

The successful candidate will probably be between 30 and 55 and will, in due course, be solely responsible for the full accounting function of the company. This will include computer management, monthly, half-yearly and annual accounts, Bank of England returns, and liaison with the company's auditors.

Apply Michael Todhunter, Jessel, Toynbee PLC
30 Cornhill, London, EC3V 3LH

Assistant Financial Controller

Systems Development

For a small and progressive life assurance company with an impressive growth record. The company, which has a national sales network, is re-organising its accounting department to meet further anticipated expansion.

Reporting to the Financial Controller, the accountant's responsibilities will combine the management of the financial accounting function with the implementation of advanced accounting systems using the latest computer technology. The work will also include a variety of planning and accounting projects to enhance financial procedures and management control.

A qualified accountant is required with experience of the development of computerised systems, coupled with management skills and a flair for innovation. Age: late 20's.

Remuneration: around £12,000 plus mortgage assistance, car and other benefits including relocation expenses.

Location: West Sussex.

Please write in confidence to CT Garcia (ref 142F)

Thomson McLintock Associates 70 Finsbury Pavement London EC2A 1SX T.M.L.

Accountancy Appointments

Accountants report better results as Management Consultants

These days, annual reports can make depressing reading. But some young accountants are reporting surprising improvements in performance, profitability and prospects. That's because they're talking about their own careers as management consultants with Deloitte Haskins & Sells. They've become agents of change, a role sought by many accountants determined to make the most of their professional training and experience.

It isn't easy to join us. There are some tough entry requirements. You'll need a good degree, and an accounting qualification. Supported by a successful career in the private or public sector.

You must also be a rather unusual person. An imaginative but practical approach to solving business problems is essential. Equally you'll need to be quick thinking, tactful, really persuasive both in the boardroom and on the shopfloor, and eager to learn more all the time.

Because you'll hardly be doing an ordinary job. There's no

standard pattern of work for a consultant. Your assignments could last a few days, or a few months. On one, you might assess a company's viability. On another, you could introduce a new financial control system. Perhaps advise on venture capital sources. You'll probably work with consultants from other disciplines. You'll certainly work in many industries, across the U.K. and sometimes abroad, with organisations of various sizes and complexities.

Yes, it is demanding. It doesn't suit everyone. But the work atmosphere is unique, promotion comes rapidly (based on merit), and we pay our consultants well. Because they're worth it.

Call Geoff Thiel on 01-248 3913. It's a conversation that could have some excellent results. Alternatively write to him at the address below, quoting reference 1097/FT on both envelope and letter.

Deloitte Haskins & Sells
Management Consultants
128 Queen Victoria Street, London EC4P 4JX

Group Financial Controller

Director Potential
Manchester
c. £18,000 + car

H&J Quick Group plc is the North West's leading dealership for Ford cars and commercial vehicles. Group sales exceed £20 million.

The job is to take overall responsibility for the accounting and management information services throughout the Group, presenting concise reports to the Board, together with implementing necessary actions. In addition, the position will act as financial adviser to the Board, in particular assisting the Chairman in planning for future growth. Success in this role could lead to a Board appointment and broader responsibilities.

Candidates must be Chartered Accountants who can demonstrate career progression gained through both technical and managerial abilities. Experience of

senior positions in both operating and holding company environments is desirable. Exposure to computer-based financial reporting techniques is essential. Integrity, commitment and strength of character will fit well with Group management. Age range: 35-50.

Please reply in confidence giving concise career and personal details and quoting Ref. ER557/FT to P.J. Williamson, Executive Selection.

Arthur Young McClelland Moores & Co., Management Consultants, Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 1NH.



Arthur Young McClelland Moores & Co.
A MEMBER OF ANSA IN EUROPE AND ARTHUR YOUNG INTERNATIONAL

Comptroller

Hampshire c. £20,000 + bonus + car

Our client is a manufacturing and marketing subsidiary (T/O £100m), of a U.S. multinational. They are market leaders within a highly competitive sector where on-going research forms a vital element.

Reporting to the Financial Director, responsibilities include asset management, treasury functions, negotiations with external parties particularly with regard to pricing and continual liaison with U.S. executives on these and any other relevant matters.

Applicants should be qualified accountants with experience of U.S. financial reporting systems, preferably gained in a fast moving consumer goods environment. Personal qualities will include drive combined with the presence to ensure maximum credibility and co-operation both internally and externally.

Full relocation expenses are available to this attractive location where appropriate and proven success in this position could well lead to promotion within the U.K. or U.S.

Interested applicants should submit full career details quoting ref. 838 to Nigel Hopkins E.C.A. at 31 Southampton Row, London, WC1B 5HY.



Michael Page Partnership
Recruitment Consultants
London Birmingham Manchester Glasgow

Financial Controller

North West c. £14,000 + car

Our client is a £10 million turnover manufacturing subsidiary of a major multi-national group.

They wish to appoint a qualified accountant, aged 28 to 35, of graduate intellect, whose experience to date will show a solid record of achievement utilizing computerized financial control systems, preferably within a marketing-orientated manufacturing environment.

The personal qualities of intending applicants must include a high level of presence, drive and commercial awareness indicating potential for a broader business management role.

The appointment offers a significant opportunity to contribute to the growth of a Company which is currently undergoing a major expansion programme—the Financial Controller being totally involved in all aspects of the strategic and commercial development of the business.

The remuneration package includes normal large company benefits and relocation assistance is available where appropriate.

Applicants should write to Richard Robinson, A.C.M.A., quoting reference 5303 at Michael Page Partnership, Faulkner House, Faulkner Street, Manchester M1 4DY (Tel. 061-228-0396).

Applicants should write to Richard Robinson, A.C.M.A., quoting reference 5303 at Michael Page Partnership, Faulkner House, Faulkner Street, Manchester M1 4DY (Tel. 061-228-0396).



Michael Page Partnership
Recruitment Consultants
London Birmingham Manchester Glasgow

Accountancy Appointments appear Every Thursday

Assistant Company Secretary

circa £15,000

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The salary is negotiable, according to the extent of successful practical experience. The benefits include a contributory pension scheme, free life assurance and private medical cover.

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Financial Controller

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- control of investment and liquidity for the manufacturing company, subsidiary and associated companies;
- financial appraisals and investments in other enterprises as a development of the Company's interests;
- liaison with bankers, financial institutions, accountants.

Applicants aged 35/55 years will be able to demonstrate entrepreneurial flair and financial acumen in their careers, with a proven record of achieving results.

Experience in Middle East trade, knowledge of the construction industry and Arabic language would be advantageous but are not essential. Education to University or similar standard with professional qualification relevant to the management of finance is desirable. The appointed person will be a good mixer in financial and business circles.

For further information and an application form, applicants should telephone quoting reference 521 to Mr. A. C. Williams.

Brian Woodhead & Co Ltd

The Coach House, 95a Hagley Road, Edgaston, Birmingham B16 8LG, Telephone 021-455 9292 (3 lines).

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Suitably qualified candidates are invited to send a full curriculum vitae to:

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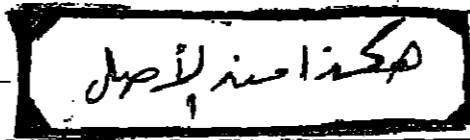
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Pina Bausch/Sadler's Wells

Clement Crisp

Fashionable and funny

What has to be said about Pina Bausch's troupe of dancers...

Gangers in group therapy in the process. Earlier theatre pieces...

Earlier this year Michael Coveney reported with great enthusiasm...

The starting point for 1980 is the appearance of Janusz Szubiak...

serve tea to the audience; video recording; nudity; as a royal personage...

And underpinning the action are recurrent flash-backs to the world of childhood...

want to go home. I want to go home. The production's bitter answer seems to be: "You have no home."

It is a long evening: four hours with one interval. It is an improbable evening...

sciously, and we somehow cope with that. I do not have great sympathy with the "letting your hair down" theatre of self-indulgence...

The production is a long evening: four hours with one interval. It is an improbable evening...

Tankard, who is probably the young Edna Everage; Mechthild Grossman, possessor of a stunning whisky baritone...

Scene from '1980'



Baker & Parsons/Barbican Hall

Max Loppert

A series of eight song recitals at the Barbican, the last on October 27, has been launched under the banner of Geoffrey Parsons and Friends.

But hereafter attention gives way (as Mr Parsons would no doubt want it to) to the singer of the evening...

Three-fourths of the main programme was given in German, the language in which (after her native tongue) Dame Janet communicates most directly.

Her Mother Came Too/Thorndike, Leatherhead

Michael Coveney

Oh dear, this is awkward. Of course we should welcome Hermione Baddeley back to the British stage after an absence of 12 years...

To be fair, Miss Baddeley apologised for this embarrassing moment she had inflicted upon a friendly house on Tuesday evening with a curtain speech.

help and has descended on her daughter's house in Godalming. Her daughter, Sheila, spends her days spraying indoor plants and trying to intercept Tommy...

After the usual ritual of half-cock jokes about Australians, poets and the unemployed, it becomes clear that promiscuity is the major theme...

they been expertly played, might have been more effective and even mildly moving. The youngsters, in the meantime, are getting each other pregnant...

The language of the play, in short, is mannered and out of date. The scene goes for the acting in David Poulson's artful production...

Book Review/Ronald Crichton

An operatic life

My Mad World of Opera: The autobiography of the editor of Opera magazine by Harold Rosenthal.

Working on foundations dug by Richard Buckle and Lord Harewood for Ballet, Ballet and Opera and, in no time, Harold Rosenthal has built up the last-mingled from a lively fan-mag into an internationally recognised, reliable and respected periodical.

The Rome Government celebrated the 25th anniversary of its editorial board in the Italian order of merit, but no comparable recognition has come at home to this indefatigable, invariably well-informed operatic beaver.

Eager and candid enthusiasm coupled with devotion to subject and job, permit Harold Rosenthal unabashedly to record the bouquets as well as the bricks that come a successful editor's way—in his case, one of the editors of the world's most serious, more or less, unobscured, and unindulgent musical magazines.

this opera fan capitalised on his adolescent passion for the art by turning himself into an unofficial chronicler, amassing and annotating programmes and cast-lists, unconsciously preparing himself for, eventually fulfilling that task as the Royal Opera's official and excellent archivist-historian.

Among the bright post-war events chronicled by Mr Rosenthal are operatic appearances by Victoria de los Angeles, Peter Robertsson, and the Spanish soprano on her own account of her life, given to him during informal interviews spread over a period of time.

After the careful, cautious and sensible preparation for the young Victoria's stardom there is a certain anti-climax in the description of the career itself, with the recurring refrain of the loneliness of the jet-propelled soprano longing to return to home and children.

How much will anyone who has never heard of Los Angeles or her records gather from these pages of the unique quality of her voice and artistry, of her rare skill and artistry as an interpreter of her country's composers?

Though gramophone records offer splendid testimony to her art, de los Angeles admits to a dislike of recording and to finding the reproduction of her voice (and to those of some other singers) unsatisfactory.

The Fringe in London

Rosalind Carne

If you failed to reach Edinburgh this summer there's still a chance to catch up on the best of the theatrical fringe in London. The performers have limbered up nicely now, and my first choice, The National Theatre of Great Britain, certainly need a good work-out for their fringes, but highly enjoyable recreation of the entire Wagnerian Ring cycle.

There are messy patches, but surprisingly, but the joy of this two-hour, three-handed, Gortner-Jammering, is that it brings back the thrill and immediacy of childhood stunts and security of a frigate's hull.

Not that this has entirely faded out, a dour figure in a green silk dressing gown seated at a piano offers an occasional "leitmotif". The actors insist on calling him Maurice though he's billed on the programme as Terry Mortimer.

THEATRES

Advertisement for a crossword puzzle including puzzle No. 4975 and No. 4974, with clues and solutions.

Thursday September 16 1982

Jobs and the price of bananas

By Samuel Brittan

Britain and its partners

WITH THE return from the summer holidays, the governments of the European Community face the prospect of yet another bruising round of confrontations over the vexed question of the excessive British contribution to the Community budget.

While this is a genuine problem which must be resolved equitably by the Community, the British Government has a special responsibility to do its best to ensure that the negotiation on this particular issue is not conducted in the narrowest terms as an acrimonious shouting match.

This means that the terms of the debate need to be broadened and placed in the wider context of the general interests of all the Community members. A gladiatorial contest between Britain and the rest might or might not result in a satisfactory solution to the problem of Britain's excess budgetary contribution; it would certainly aggravate relations between Britain and its partners, and since any solution would be bound to fall short of any theoretical ideal (from Britain's point of view), it would be liable to strengthen the hand of those in Britain who are hostile to British membership of the Community.

Constructive

Even from a narrowly electoral point of view, Mrs Thatcher would do well if she could see to it that the budgetary argument took place against a background in which the Community was improving its image as a constructive and co-operative grouping of friendly states, rather than as a bickering collection of mercantile rivals.

Such a transformation would not be easy. Many years have passed since the Community made much progress on the road to European integration. The major agricultural producers have simply demonstrated their reluctance to do anything radical to control the expensive farm subsidies.

All governments have serious budgetary problems, and even the German government, hitherto resigned to its role as the Community's paymaster, has now started to dig in its heels in a determined fashion. All governments are pre-occupied by domestic concerns over inflation, unemployment and permanent pressures for protectionism. Nevertheless, the effort of imagination and good-

will must be made—by all the member states.

Mr Francis Pym, the British Foreign Secretary, has pointed in the right direction, in his Copenhagen speech a few days ago, in which he stressed his government's commitment to the strengthening of the Community; in particular, he mentioned the need for more regional and social policies, as well as for the development of an energy strategy.

Fruitful

The enlargement of the regional and social funds has long been the aim of successive British governments, on the grounds that Britain has a weak economy and would tend to benefit disproportionately. But it is quite unrealistic to suppose that they could be increased enough in the near future to make any great impact on Britain's net budgetary contribution; earlier this year, a proposal to make very large increases in them was firmly rejected by the rich countries in the centre of the Community—France, Germany, Belgium and Holland.

On the other hand, the idea of an energy strategy may be a much more fruitful line of exploration. The current oil glut is unlikely to last for ever, the Community is dependent on imported energy, the future reliability of which is unpredictable, and Britain has major assets in the shape of surplus sources of oil, coal and gas.

Advantage

In the past Whitehall has tended to argue that there is no way in which these assets can be turned to mutual advantage of Britain and its partners in the Community context. The task is certainly very difficult for a government which prefers not to have even a national energy policy. Perhaps Mr Pym's speech suggests that minds are beginning to change on this subject.

At all events, the Soviet gas pipeline conflict brings together a clutch of pressing issues—Europe's energy dependence on imports, the problem of East-West trade, trade quarrels with the United States, and the political question of East-West relations—which underlines the need for the Community Governments to take a broad view of their particular differences.

If national and nationalist stubbornness and lack of imagination lead to a mutual alienation between the member states, all of them will be worse off.

IF THE price of bananas is kept too high in relation to the price required to balance demand and supply, there will be a surplus of bananas. If the price of bananas is below the market-clearing price, there will be a shortage.

The same applies to labour. If the price of labour—the wage—is too high, there will be a surplus of workers—i.e. unemployment. If it is kept too low, there will be a shortage of workers. The market-clearing price is the one at which there is neither a shortage nor a surplus.

Question: But surely you can't compare people to bananas?

Answer: That is not a question, but a piece of emotional bullying, unhelpful to the unemployed. Workers do sell their services, just as banana producers sell bananas. Indeed if self-employed banana growers sell directly to the public, the price of bananas would dictate their earnings.

Question: But the labour market is more complicated than that, surely?

Answer: If wages fell tomorrow by as much as you like, full employment would not be regained, surely?

Answer: The labour market is more complicated than that, surely? Mr Norman Tebbit was really doing as much to undermine union power as is often alleged, the outlook would be very much brighter.

However, it is not only the unions which price people out of work. Regional policy operates partly through grants and reliefs for heavily capital intensive investment, while the whole of employers' national income contribution—and not merely the surcharge—acts as a tax on employment. Then there are Wages Councils which set minimum wages in the "sweated trades".

Question: Why does the "pricing out of work" thesis generate so much hostility?

Answer: Because instead of suggesting that an entity called "government" should spend on job creation in a supposedly costless manner, it puts the onus on those who are to be made a sacrifice. It is saying that many of the 3m out of work are in that position because some of those in jobs are being paid too much. That is not what those who made the greatest hue and cry want to be told.

Question: Maybe real wages are too high. But demand is also too low. Have you not got to tackle it from both sides?

Answer: Yes, it is to be tackled "yes", especially as for the first time in several decades there is a danger of monetary demand increasing too slowly. But such an answer would be less than honest.

Governments and central banks influence monetary demand—money times velocity (MV)—not real demand. How far a given increase in MV is reflected in real demand and how far it is dissipated in inflation will depend on the reaction of wages. The extent

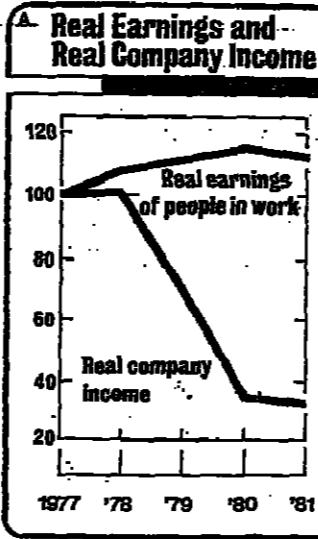


Chart A: Real earnings—average earnings deflated by CPI. Real income—industrial and commercial companies excluding North Sea activities; gross trading profits, plus rent, net of stock appreciation and capital consumption at replacement cost. Source: Bank of England.

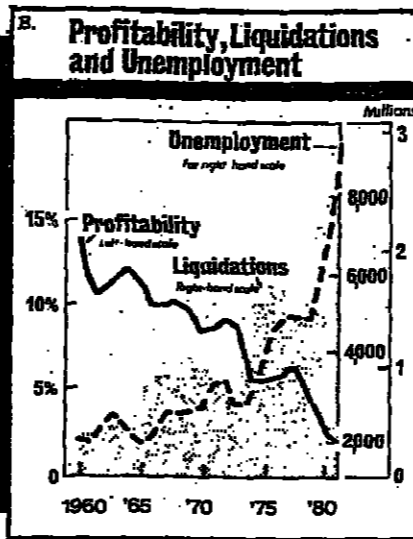


Chart B: Replacement cost profitability excluding North Sea activities; UK excluding North Sea gross trading profits, plus rent, net of stock appreciation and capital consumption at replacement cost. Source: Bank of England.

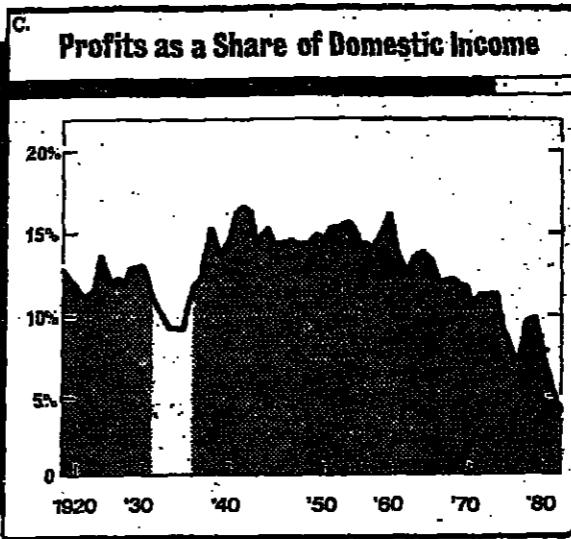


Chart C: Industrial and commercial companies excluding North Sea activities; gross trading profits, plus rent, net of stock appreciation and capital consumption at replacement cost. Source: Bank of England.

to which governments can increase real demand is limited by the wage increase which workers are able to obtain.

Question: Are you saying that the unemployment problem has been caused by workers pricing themselves out of jobs?

Answer: "Cause" is a big word, best avoided in the social sciences. A pattern of wages above market-clearing levels may originate with some kind of wage-push, associated with a greater degree of unionisation or of militancy as in 1968-72. But the disturbance may also be due to other forces which have made the (traditionally established) price of labour too high.

Here the much-debated banana analogy can be helpful. A price of bananas above the market-clearing level can be due to an initiative by a growers' cartel. But it can also be due to a reduction in demand or a very good crop making the previous equilibrium price obsolete. The growers' cartel is then the passive one of sticking to its price in the face of changing circumstances.

If I wanted a quiet life, I could blame the unemployment explosion on several recent severe disturbances in the British economy, such as the need to adjust to:

- An exceptionally rapid reduction of inflation from the 1980 peak.
- The effect of North Sea oil in crowding out non-oil exports.
- The long delayed attack on overvalued imports precipitated by the sharp rise in the real exchange rate in 1979-80 and consequent pressure on profit margins.
- The sharp increase in energy prices (even after allowing for the recent shakeout) which has made many processes and products obsolete.
- The drift in the most efficient locations of many traditional manufacturing industries to the newly industrialising countries. The last two are common to

other industrial countries, the first three unique to Britain.

But to attribute unemployment to these forces alone would not be convincing. The pressures expressed themselves in a rise in unemployment because so-called rigidities in the labour market prevented the wage adjustments they required from occurring quickly enough.

To preserve full employment in the face of these shifts, wage costs in many sectors would have had to fall.

Question: Isn't the main problem lack of international competitiveness? The CBI in its recent *Competitiveness* Paper noted that labour costs are 30% to 35% percent above those of our competitors relative to exports and imports.

Answer: Not "just as accurate." I am afraid. Changes in the relative share of profits and wages in value added help to show what is going on during a period of change. But once capacity has been adjusted to a particular pattern of real wages, one might see a stable long run relation between profits and wages, but a pool of unemployed people remaining who could not find work at prevailing wage levels. Moreover, outside the corporate sector where there are no profit figures, more people could be employed if pay per head were less—for instance, in the Health Service.

Question: Why do some economists resist your thesis?

Answer: It isn't my thesis. It is standard elementary economics and common sense. One argument which has been

used in letters to the Financial Times and which was used by Keynes in the 1930s is that if wages fell product prices would also fall, and labour would be no more profitable to employ than before.

To price labour into work, product prices will indeed have to fall less than wages; or wages will have to rise less than product prices. There would be little practical difficulty in reducing product wages in the export or import competing sectors, where prices are set in world markets.

Keynes himself did not believe in constant profit margins come what may. His point was that in the situation of the early 1930s, it would be better to increase monetary demand, allowing prices to rise and the real product wage to fall indirectly, rather than make a direct onslaught on the money wage. But if, as has been the case in most recent cycles, wages rise in response to higher monetary demand, it must mean that workers or other representatives are resisting the real wage reduction required to price them into jobs.

Question: Do you see any social problems in adjusting wages to market clearing levels?

Answer: Yes. Many. The trend rise in real interest rates throughout the world together with slack labour markets suggest that capital is now the scarce factor (despite the deceptive evidence of under-utilisation from industrial surveys), and the labour the plentiful one. To secure a return to full employment the share of wages in the national income may have to fall and the share of profits and the return to capital rise a great deal. This would make the distribution of income and wealth a real problem and not just a demagogic issue as it has been recently.

Question: What do you find the most genuine difficulty about the "pricing out of work" explanation, debating points aside?

Answer: I am far from certain about how "real product wages" have become too high. Union bargainers are for money wages; the real wage depends (inversely) on the profit margin superimposed on top. Why have employers been forced to lower their mark-up in each business cycle? Fiscal and monetary policy may explain some particular episodes, but not a trend over several decades. Layard and Minford have produced fragments of explanations, and Michael Beenstock has a theory relating the profitability decline to the rise of Third World loan cost production in competition with traditional European industries. But I am far from convinced that I fully understand the process.

This is not as hopeless a position as it sounds. Doctors who do not know why a certain disorder has occurred still have to treat it and may even succeed in doing so.

1960	73
1970	77
1980	81
1981	82

Total Net Domestic Income excludes stock appreciation and capital consumption. Source: CBI

The Edwardes era at BL

SIR MICHAEL EDWARDES became chairman of British Leyland in November 1977, and will be leaving the company at the end of this year. During the past five years he has come to symbolise a new style of British management, determined to change bad habits and to tackle deep-seated weaknesses in some of the country's older industries.

The fact that BL is still making heavy losses might suggest that Sir Michael Edwardes has failed; certainly the return to commercial viability is taking much longer than the Government had hoped. But any assessment of his performance has to take into account the external environment in which he has been operating—stagnant or declining markets, intense competition and an over-valued currency which for a time completely undermined the profitability of exports.

Sir Michael saw what had to be done to get costs down and productivity up, and he was prepared to force through some extremely painful decisions. A clear appraisal of the likely demand for BL cars led him to undertake a rationalisation of capacity, including the virtual closure of two of the four main car production centres, which would have been unthinkable a few years earlier. Overmanning, both among direct production employees and in the support staff, was tackled firmly.

Realities His approach to industrial relations has sometimes been caricatured as management by confrontation, but he forced all levels of the company—his own personnel managers, shop floor employees and, reluctantly, union negotiators—to face up to the realities of the business. Notably BL's precarious competitive position and its high costs compared to rival manufacturers. Work practices which had been regarded as an un-

alterable feature of the Midlands industrial scene were eliminated. Some of the decisions about new and revamped models were probably wrong; partly for that reason BL's share of the domestic market has fallen below expectations. But the launch of the Metro was a notable success compared with earlier Austin Morris launches. Much hangs on the new mid-car range to be introduced next year.

Doubts Many of the decisions which Sir Michael took should have been taken much earlier. Some argue that, by the time he arrived on the scene, BL was already in a state of irreversible decline. There are doubts about how long BL can survive in its present form, even with continued support from the taxpayer; it may be too small to compete on its own as a volume car producer in the world market. But the collaboration with Honda of Japan seems well designed to overcome the disadvantages of BL's lack of financial and engineering resources.

Strategy There is a strong case for pursuing a similar strategy on the truck side where, despite the alarming decline of the past decade, Leyland still has a product range and a market position that can be built on. The search for partners reflects a more realistic view of BL's role in the world motor industry than the ambitious ideas which were current at the time of the creation of the company in 1968 and even in the Ryder Report of 1975. The revival of the company—and of British industry—has a long way to go, but the last five years have shown that some of the obstacles to that process can be removed, if the push is strong enough.

Men & Matters

Althaus makes the break

FOR THE first time since the 1930s, a new Government broker has been chosen from outside the stockbrokers' Mullens, Nigel Althaus, senior partner at Pember and Bove, breaks nearly a 100-year-old family connection with the firm to take the post next month. "There's been an Althaus here since 1888," he mused yesterday. He is the third generation of the family to act as senior partner.

Now he will assume the senior partnership at Mullens, the Government's official broker. Guy Nissen, a former deputy chairman of the Stock Exchange, will succeed him at Pember. Since the Government broker automatically becomes head man at Mullens, the Chancellor of the Exchequer has in the past usually found it expedient to choose someone from inside the firm.

"But after the death of Lord Cromwell in a riding accident last month, his Mullens partner and deputy Roger Daniell was considered too young at 42 to take on the job. Althaus, who is 10 years older, is highly regarded in the market as a glib expert. "This is the sort of job you can't turn down," he reflected yesterday. "Though," he added, with a touch of self-mockery, "my ignorance of equities is as wide as it is deep."

Where was he during the booming gilt market last month? "Padding with my bucket and spade in Cornwall," he said. "I missed it."

Party spirit

THE European Community is developing an insatiable and expensive appetite for celebrations of its continued existence. Six months after a rather restrained standing in Brussels marking the EEC's 25th anniversary, the European Parlia-

Outside views

Trade union trustees of Britain's larger pension funds gathered in the City yesterday—but this time to get some non-City views on their investments. For a mere £15 a head, they listened to ideas put forward by members of the Independent Pensions Research Group, a loosely-knit band of academics, journalists and others, on alternative uses for the pension funds' £70bn.

Surprising that nothing like this has happened before. Especially, says course organiser David Pelly, since there is concern among worker trustees about the uniformity of advice provided by professional sources. A further cause for concern which emerged during the day was the dismal investment performance of figures compiled by brokers Phillips and Drew, the average fund has failed to match by a long chalk the rate of increase in wages-of retail prices over the past 20 years.

Worse, performance figures compiled by consulting actuaries Bacon and Woodrow suggest that around three-quarters of pension fund equity portfolios fail to beat the market averages. With Arthur Scargill waxing strong about curbing the NCB pension fund's overseas investments and the TUC arguing for reform of the trustee law, advising trade unionists on the way ahead could become a growth industry.

Line of action

Having been pushed out of the Energy Department last year, Transport Secretary David Howell seems to be taking precautions against the pundit's prophecies that he will disappear completely from the Cabinet. The lanky former Daily Telegraph leader-writer is apparently considered sound on free market theory but lacking in implementing it.

Earlier this week, however, he was reported to be "determined" to press ahead with legislation this autumn to curb the cheap fares policies of some Labour councils. With a bit of privatisation thrown in, it was calculated, that should raise his popularity on the Tory backbenches.

Now Howell has found another safeguard his reshuffle by appointing Sir John Hoskyns, until a few months ago the head of Mrs T's own policy unit, as his special adviser. What will Hoskyns advise him on? "It will depend on the dominant issues at any particular time," the Transport Department responds carefully. Hoskyns will spend about three days a month on these duties for which he will be paid £4,500 a year.

Call to order

No half measures on law and order for Norwood Conservatives. Their resolution for next month's Tory conference calls on Home Secretary William Whitelaw to recreate the conditions under which a virgin, leading a child and carrying a bag of gold, can pass on foot from one end of the country to another without fear.




"I wonder if she'll see the writing on the wall in Beking?"

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Observer

Special Economic Zones

HONG KONG'S FUTURE

Mrs Thatcher's delicate task

By Alain Cass, Asia Editor

FOR SOME time now many of the biggest companies and banks in Hong Kong have been running a rather special and very discreet scheme for the pregnant wives of some of their senior staff.

The wives have been flown to Britain to have their babies, not because of any lack of proper facilities in the colony, but because under present immigration laws this guarantees the infant British citizenship and the right to live in the United Kingdom.

From January 1, 1983, when Britain's controversial new Nationality Act is passed, this backdoor into citizenship will be closed to an estimated 2.6m British passport holders in Hong Kong among others.

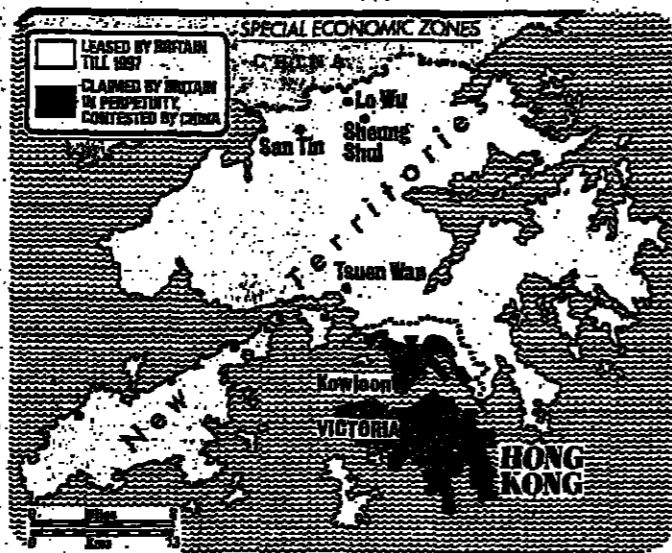
To us, said a Hong Kong citizen in London, "this is another case of the mother country closing its doors. It's an issue over which we feel very emotional. Like the raising of university fees, an act of distancing which hurts."

The crucial issue of Hong Kong's second-class British passport holders and what comfort—if any—they can draw from Britain's repeated assurances that it will "stand by" them will no doubt be prime concern to Mrs Margaret Thatcher when she talks to Chinese leaders about the colony's future next week.

Although the British Prime Minister will also travel to Japan for some tough talking on trade, the discussions in Peking will be the highlight of her trip. The talks over what happens when the lease on 90 per cent of the colony's territory runs out in 1997 are likely to be complex and fraught with dangers.

Deft handling could, Mrs Thatcher will be only too aware, trigger that sudden collapse in confidence which would not only spell disaster for the colony's future as south-east Asia's financial centre but also present future British governments with the uncomfortable choice between redeeming his verbal pledges to Hong Kong passport holders and turning their backs to face an uncertain and possibly precarious future under Peking.

This last prospect is the "worst-case scenario." Few people, if any, really believe it will come to that, not least because China—even though



HONG KONG SPECIAL ECONOMIC ZONES. Areas shown include New Territories, Kowloon, and Victoria Harbour. Labels include San Tin, Sha Tin, Tai Wai, Tseung Kwan O, Yuen Yee, Tsing Yi, and Victoria.

the worst traumas of the Cultural Revolution—has consistently said that it wants the territory to remain an outpost of capitalism and has behaved accordingly.

A glance at the flows of trade explains why. In 1981 China exported HK\$29.5bn (£3bn) worth of goods to Hong Kong—amounting to 40 per cent of Peking's estimated foreign exchange earnings—while it imported less than HK\$3bn worth of goods. The continued existence of Hong Kong is thus a major asset to China's "open-door" economic policy.

Apart from being an excellent listening-post to the West, Hong Kong is also regarded as the engine which will help pull China's Special Economic Zones in the south of the country, grouped around Canton, towards sustained economic growth. The colony will be a vital base for China's developing off-shore oil programme.

Contrary to popular belief the benefits which Britain derives from Hong Kong are less tangible. Despite some £800m worth of annual exports to the colony Britain runs a persistent trade deficit with Hong Kong and, while the territory has become a jumping point of central importance for British companies doing business in Asia, the problems of administering it are enormous.

Calculating Britain's "invisible" earnings from Hong Kong is difficult since no official figures exist. Whitehall unofficially puts these at £200m a year.

Hong Kong keeps less than 10 per cent of its reserves in sterling while return on equity owned by British interests is probably quite small.

To take one example: manufacturing accounts for 27 per cent of the colony's GDP. More than 90 per cent of that is locally owned. Of the rest less than 7 per cent is held in Britain.

But the possibility of a collapse in confidence—however faint—does exist, which is why the first ever visit to Peking by a British Prime Minister in office is of vital importance.

Uncertainty about Chinese intentions have already begun to surface in Hong Kong. These were fuelled recently by confused reports that China intended to gain full sovereignty over the territory. On at least one occasion earlier this summer the normally robust self-confidence of the business community was sufficiently shaken to send share prices tumbling. The need to soothe jagged nerves is now increasingly urgent and Mrs Thatcher is said to have some specific proposals in mind.

Her dilemma revolves around the issue of sovereignty. Britain accepts that Hong Kong's hinterland, known as the New Territories, and parts of Kowloon must revert to China in 1997 when the 99-year lease signed in 1898 expires. But it maintains that Hong Kong Island—the nerve centre of the colony—is British in perpetuity.

HONG KONG OPINION

An opinion poll on the acceptability of five political solutions, conducted for Hong Kong Observers in May/June 1982 among 1,000 Hong Kong residents, aged 15-60, by Survey Research Hong Kong.

Table showing opinion poll results for five political solutions: Return HK to China, Special economic zone of China, Status quo, Independent status, and UK admin./Chinese sovereignty. Includes percentages and counts for 'Very acceptable', 'Quite acceptable', 'Alright', 'Not quite acceptable', 'Not acceptable at all', 'Impossible', 'Don't know', and 'Can't understand the term'.

Hong Kong to remain under British administration with sovereignty belonging to China

China rejects these arguments. It claims the treaties were unequal, signed under duress in the shadow of British imperial gunboats, and says the entire colony has always belonged to China, which has merely not exercised its right to claim its return.

A confrontation over who owns which bits of the colony could be disastrous for Britain. In the first place Hong Kong is militarily indefensible. "Hong Kong" as one British official put it, "is not the Falklands."

Secondly, Hong Kong could not survive without the New Territories and China's co-operation. Over 90 per cent of the island's water supply, for example, comes from the leased territories or the People's Republic. Britain also recognises—although it may not be willing to say so—that Hong Kong will eventually have to revert to China. The only real questions—issues at the heart of Mrs Thatcher's strategy—is when and how.

The negotiations over sovereignty—and the need to avoid turning it into an issue—will have been complicated by the fact that Mrs Thatcher is still basking in the after-glow of the Falklands victory while the Chinese leadership is licking its wounds after a bruising contest with the U.S. over American arms sales to Taiwan.

The Falklands have cast a long shadow over Hong Kong, explained one official in Whitehall. Put simply, Mrs Thatcher can hardly be seen to hand over

sovereignty—even in name—of one British territory having just fought a bloody war to defend the integrity of another.

For the Chinese the question of sovereignty—and getting Britain to admit to Peking's writ over the entire colony—is a matter of national pride—"face"—and a cardinal principle of policy. For Deng Xiaoping, China's pragmatic strongman, the objective must be to achieve this state of affairs without triggering a run on Hong Kong, whose stability is largely based on the premise that Britain will continue to run it or, at the very least, that China will not. What are the options?

A renewal of the existing lease. This seems most unlikely since it would, by implication, either have to reject Chinese claims to sovereignty over the whole colony or—at Chinese insistence—require Britain to renounce its claim to the ownership of Hong Kong Island.

Joint running of the colony. This would upset the status quo and erode confidence. Britain would argue that it would be unwelcome because of the two, totally different, political and economic systems.

Integration into China's Special Economic Zones under British administration. "This," as one official put it, "is responsibility without power and not on." It would also destroy the vital dividing line between the Hong Kong dollar and China's

currency which is non-convertible.

Independence for Hong Kong like independence for Taiwan, would be unacceptable to Peking which would march its troops across the border if the colony raised its own flag.

The only really viable alternatives for Britain, China's pragmatists and the people of Hong Kong is maintaining the status quo. The Hong Kong Observers, an independent group of young professionals, has suggested that the problem might be solved through the negotiation of Friendship Treaty between Britain and China. Other possibilities include a declaration, at some time in the future, by both sides that while Britain recognises ultimate Chinese sovereignty over the whole of Hong Kong, Peking renounces its administration in London for an indefinite period. This could be underpinned by growing commercial links in which British technology for China's modernisation programme would be a major element.

But this, too, is fraught with dangers. "We're giving away our best—our only—card," said one official. A great deal will have to be taken on trust by Britain, and Mrs Thatcher is known not to be overly impressed with the stability of the Chinese leadership. When she was last in Peking, as leader of the Opposition in 1977, she was welcomed by Mao's protégé Hua Guofeng who last week suffered the final humiliation of being sacked from the ruling Politburo.

In recent weeks the Chinese leadership has been at great pains to consult a wide variety of Hong Kong residents ranging from its fellow-travellers on the Left to such business leaders as Sir Y. K. Pao, the shipping magnate. And while recognition of Chinese sovereignty has emerged as the "baseline" of China's negotiating position, and is expected to be placed firmly on the table when Mrs Thatcher comes face to face with Deng Xiaoping, there appears to be a much greater awareness in Peking of the sensitivity of the situation than, say, even a year ago.

"We have a hole this big to jump through," said one Whitehall official forming his thumb and forefinger into a keyhole-sized circle. "I just hope we can do it."

Lombard East-West trade in perspective

By Jonathan Carr in Bonn

AMID ALL the fuss about the Soviet-West European gas pipeline deal, it is worth underlining two points about East-West trade in general. One is that the level of this trade does not fulfil the hopes of the optimists—and there were quite a lot of them—a decade or so ago. The other is that, even if President Reagan did not exist and no efforts were being made to impose an embargo against Moscow for political reasons, the outlook for East-West trade would be pretty grim.

Both these messages emerge from a useful study* released this summer by the Institute of the German Economy (IWK) in Cologne. While concentrating mainly on West Germany's trade with the East, the study also takes a look at the exchanges between the whole Organisation for Economic Co-operation and Development (OECD) area and the Communist countries. The results help put the current heated debate between the U.S. and the Europeans in better perspective.

Looking back, it is clear that if there ever was a "golden age" for Western exporters to the East then it was the mid-1970s. While at the start of the 1970s only 3.5 per cent of the exports of the OECD countries went to the state trading nations (including China), by 1975 the share had risen to 5.4 per cent. The increase was hardly enough to justify euphoria, but showed that the East was becoming relatively more interesting as a sales outlet. However, by last year the Eastern share of OECD exports had sunk again to only 4.1 per cent.

The breakdown by country shows a similar development in most cases—with a peak in mid-decade and a decline later. Interestingly, the United States is one exception to the trend. It started with a very low base in 1970 with only 0.8 per cent of exports going to the Communist states. By 1975 the share had risen to 2.9 per cent and by 1980 3.4 per cent, a share maintained last year too. No doubt grain deliveries have contributed to the rise.

What about West Germany—which gave the word "Ostpolitik" to the world and where many hopes have been pinned on growing trade to help break

down political and human barriers with the East? The general trend is much the same. The Communist states (including East Germany) took a 6.2 per cent share of German exports in 1970, 9.5 per cent in 1975 and 6.3 per cent last year.

These figures naturally underestimate the importance of Eastern markets for some specific branches of the German economy. For example over 15 per cent of Germany's iron and steel product exports and nearly 10 per cent of its mechanical engineering exports go to the East. Nor do they show the level of import dependence. In fact, a bit more than 3 per cent of West Germany's overall imports come from the East—and Soviet natural gas accounts for 17 per cent of West Germany's total gas supplies. When the gas pipeline deal is fully implemented, that proportion will rise to 50 per cent of 27½ supplies, a figure the U.S. likes to emphasise, or to just under 6 per cent of Germany's primary energy needs, a proportion the Germans prefer to stress.

It is plain that Moscow gains financial benefit from the gas pipeline deal—though whether the sums will go mainly for weaponry, or for grain imports (for which the Americans demand cash) or for other things is not clear.

One, rather extreme, conclusion might be that one should buy nothing from the Russians at all and then one would be sure not to help, unwittingly, a Soviet military effort. A less extreme lesson emerges from the IWK study. It is that the Eastern countries have in any case run deeply into debt, not least because they do not have enough of the products to sell which the West wants to buy. In future they are likely to meet ever-tougher competition on Western markets—even in product sectors where they have been traditionally fairly strong—from fast-industrialising countries of the Third World. In sum, the most effective form of trade embargo is the one that—almost literally—bankrupt Communist system imposes on itself. No U.S. President could do it better.

* "Der Deutsche Osthandel," by Jörg Beifuss, Institut der Deutschen Wirtschaft, Cologne.

Letters to the Editor

Too much complacency about productivity gains

From Messrs D. Helm and B. Rosewell.

Sir—It is interesting to see that work in the National Institute of Economic and Social Research's August Economic Review concentrates on long-term trends in productivity and makes some interesting comparisons with other industrialised countries. It comes over very strongly that Britain's productivity performance has been markedly worse than that of our competitors for several decades—indeed as far back as the 1930s. Moreover it appears that, in the most important sector—manufacturing—there has been a fairly constant but slowly deteriorating productivity ratio with both the U.S. and West Germany.

This strengthens the conclusion that the increase in productivity in 1981 does not represent a revolution in attitudes and performance. It will take far more than one or two years change to reverse such a firmly established pattern. We would suggest that if unemployment starts falling again, or even levels off, that many of the so-called productivity gains will turn out to be no more than moving mist vanishing with the sun.

It would have been illuminating if the review had also compared changes and levels of labour costs. While it looked at different ways of valuing outputs and examined the impact of raw material prices, no attention was paid to labour costs. Yet these are crucial in defining appropriate levels of output per head. If Britain is a low real wage country in the international league, then it would be extremely surprising if it were not also a low labour productivity country. It is then easy to see also that many of the changes hailed recently as heralding a productivity revolution are in fact rather reductions in real labour cost—e.g. lower wage increases or foregoing fringe benefits—rather than fundamental changes in working practice. They are more likely to disappear in an upswing.

The institute also undertook sectoral studies, including agriculture, mining, public utilities and transport and communication. These sectors show considerable variation and it is noteworthy that the public sector appears to have both been the worst relative (longer term)

performer and also to have improved most significantly. The role of government policy and the nationalised industries in Britain's overall productivity performance is central—in particular since the outputs of many of these industries (e.g. steel, fuels, transport) are intermediate inputs into manufacturing and will contribute to these other industries' efficiency.

Many firms and industries are now beginning to feel complacent about their productivity gains and are directing concern increasingly towards the lack of demand. Unfortunately complacency is premature. Companies of all kinds, both in manufacturing and non-manufacturing, need to continue the search for more efficient methods of work. Continuing improvements will not come automatically, least of all in an upturn. In addition pressure on the public sector to make improvements has to be stepped up.

D. R. Helm, B. C. Rosewell, Oxford Economic Research Associates, West End Farm, Aston, Oxford.

The vote for cheap fares

From Mr J. Guinnell.

Sir—I was intrigued to learn (September 11) that "Londoners vote for return to cheap fares" and happy to know that Mr Wetzel derives so much satisfaction from the 13,068 coupons and cards returned. It may be enlightening however, to learn who the coupon and card fillers were.

How many of these coupon and card fillers were my neighbours and fellow ratepayers from Bromley who live 10 miles away from the nearest tube station—I doubt very many. Perhaps it would be a better idea to survey tube and bus users as to whether they would like to pay more or even some Greater London Council rates.

Why don't Mr Wetzel and his irritating colleagues concentrate on providing a half decent service rather than waste my money on these ridiculous surveys, from which he would like to indicate that my tax-paying neighbours and I want to subsidise all and sundry. Just once, why not pay for what we use? Ian Guinnell, 4 Footbury Hill Road, Orpington, Kent.

Nobody is worried about Hammersmith

From the Honorary Secretary, Fulham and Hammersmith Ratepayers' Association.

Sir—The world's bankers are reported as being very concerned about Mexico's external debt of about £30bn, or £500 per head of population. Why, then, is no one similarly concerned about the external debt of the London Borough of Hammersmith and Fulham, which at March 31, 1981, was £165,305,615, or £1,103 per head of population? Arthur Blackman, 23 Richmond Way, West Kensington, W.14.

Taking in a theatre

From Mr M. Coulson. Sir—Malcolm Rutherford asks in his otherwise well-argued article on the arts (September 10) why London theatres do not begin at 9 pm. If they did, while it would indeed be possible to eat before the show, it would be impossible for many people to get home afterwards. Michael H. Coulson, Laing & Crutchshank, The Stock Exchange, EC2.

Pensions, trustees and the TUC

From Mr P. Charis.

Sir—Your leading article "Pension funds and the TUC" (September 1) contains a number of valid comments, but I must take this opportunity to draw attention to one or two widely-held misconceptions which emerge from the first three paragraphs.

Although employees may contribute part of their pay to their pension fund it is not of any adverse consequence to them that the employer is regarded as the "settlor" with initial powers over the trust-ship and form of the scheme, for new employees are normally appraised of the pension arrangements before they join and are in the desirable position of knowing not only their obligations to contribute but also their ultimate pension rights and these rights are normally of a well-defined nature under a trust known only of his share of the income/capital but not the numbers which will come to represent that share. Therefore the "outdated law of trust" appears to serve them rather better than those for whom it was originally intended.

It is suggested that trustees should perhaps take account, in fulfilling their duty to invest

of interests wider than those of an immediate financial nature. Whatever social justification might be alleged for this it remains their function, in their capacity as trustees, to concentrate on the job in hand, for how else can they look after the interests of members/the "settlor"?

Fears such as the practical inaccessibility of pension scheme members to take proceedings against trustees in relation to bad investment decisions are of little practical consequence for pension entitlements are normally clearly defined and unlikely (only in cases such as the insolvency of the company) to be affected by those decisions. It is the poor old "settlor" who traditionally finds himself making deficiency payments into the fund—a further justification for his having at least the initial say in the appointment of trustees and form of the fund. Paul A. Charis, 10 Thirlmere Rise, Bromley, Kent.

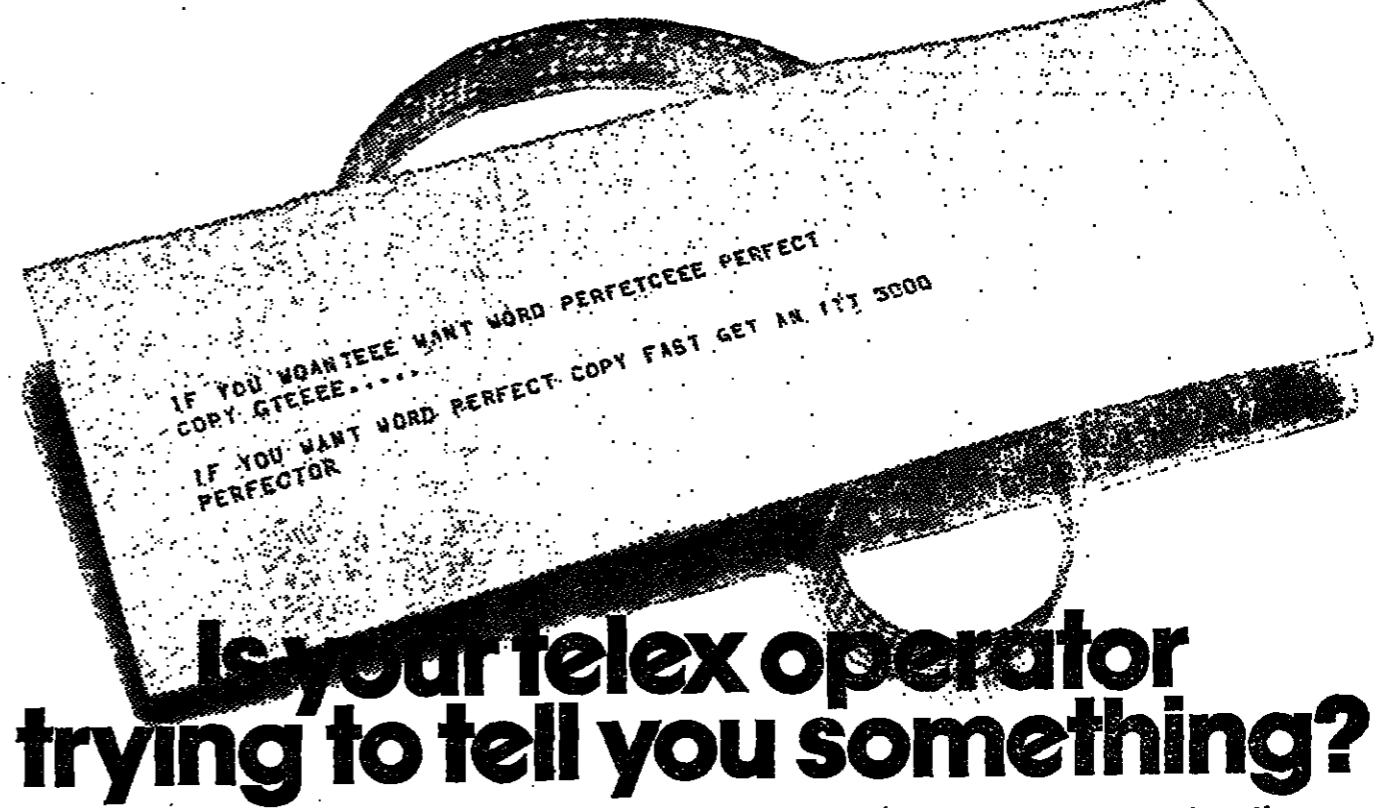
Unemployment benefits

From Mr J. Francey with Mr Franklin (September 11) that

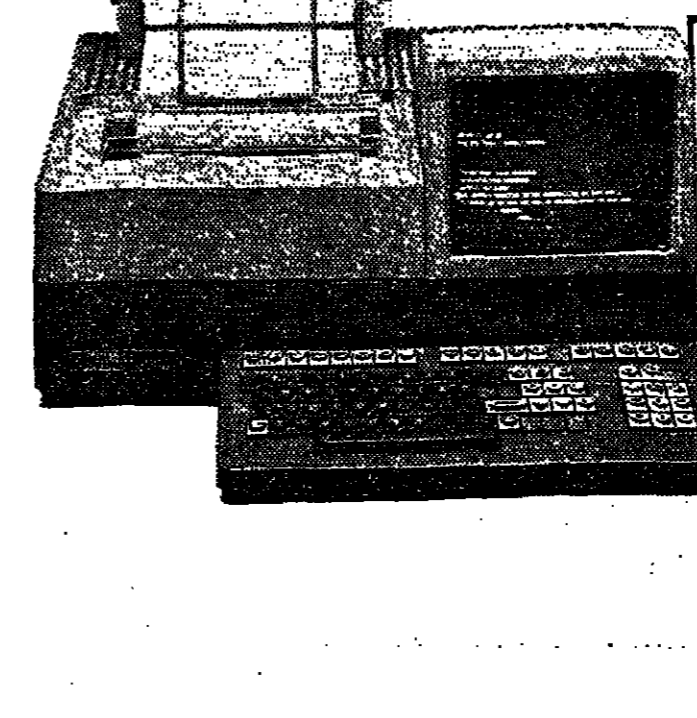
tax on unemployment allowances should be set at a level which ensured that the recipient would find it worthwhile to take a job. At the same time I feel that the publicity given to the Oxford fraud inquiry might give the impression that amounts like £67.20 are not unique.

I lost my job in August 1981 within eight months of retirement. Since I had no experience of state benefits throughout my working life I had to ensure that I did not miss out on any help available to management people. The only help I found was unemployment benefit and I signed forthrightly at our local labour exchange for the sum of £28.28 weekly, inclusive of "earnings related" benefit. In return for the money I was required to confirm verbally on several occasions that my circumstances had not improved since my previous signing.

It would appear to me that those who "qualify" for substantial amounts of benefit are not likely to come from the ranks of the big majority of people who have contributed all their life to the system. John B. Francey, 59 Aytoun Drive, Erskine, Renfrewshire.



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Companies and Markets

BIDS AND DEALS

CH Inds. sells 50% of Tudor Webasto

C. H. Industrials, the industrial holding company, has completed arrangements to sell 50 per cent of the Tudor Webasto Sun Roof distribution business to its partner Webasto GmbH.

GARTONS/ST MELLON
Gartons, the potato breeding and agricultural services company has announced that its two recently established subsidiaries, Gartons Financial Services and Gartons Properties, are negotiating an agreement to act as consultants to the time share community at St Mellon Golf and Country Club near Plymouth.

New look planned for Change Wares

BY RAY MAUGHAN

AFTER ANOTHER year-and-a-half of heavy trading losses and capital write-offs, Change Wares is preparing to undergo a further reconstruction and cash injection to underpin its "ultimate return to profitability."

Raglan Property to buy Kvaerner House for £1.2m

Raglan Property Trust has entered into a conditional agreement to purchase the freehold property and building known as Kvaerner House, Gray's Place, Slough, for a consideration of £1.19m.

The consideration will be satisfied as to £30,000 in cash, which has already been paid by way of a refundable deposit, and as to the balance by the allotment to Sunstone Properties SA, the vendor of Kvaerner House of 15.13m new ordinary shares of 1p each of Raglan credited as fully paid.

been indicated for July and August. The December balance sheet showed that net worth of £253,000 had already been submerged by term debt of £400,000, short-term borrowings of £200,000 and a £1.73m bank overdraft. In May last year, the capital base was reconstructed before a £700,000 rights issue.

The new ordinary will be provisionally allowed immediately following the EGM, and it is expected that renounceable Letters of Offer will be despatched to shareholders's afterwards.

Looking ahead, Mr Anderson says that with a secure and growing capital base, a strengthened financial structure, the group is now well poised for the future. Provided the current progress of the group is maintained, it is the board's intention to recommend the payment of a dividend for the year 1982-83.

manufacturer of commercial catering equipment. The route Change Wares is to take, given shareholders' approval, is not uncomplicated but essentially the group is to buy a company called IPES, based in Florida, which sells a range of catering facilities outside North America.

At present this equipment is produced by a division of a listed U.S. group, Bastian Industries, but it is envisaged that this division will be sold at the end of this month to a new private company, formed for this purpose, BIH.

BIH will become a major supplier to Change Wares and deferred trade debt, £300,000 of additional equity and £300,000 of 16 per cent convertible loan stock at par. Interest on the stock will be compounded monthly for the first two years.

The upshot is that BIH will control up to 64 per cent of Change Wares' equity on full loan stock conversion and the control of Bastian. The takeover Panel has agreed to waive the usual requirements for a full bid under Rule 24 of the City Code.

IPES made profits of £220,000 on sales of £2.3m in the year to January after allowing supply difficulties, apparently now solved, cut profits in the following five months to £2,000 before tax.

The enlarged group, after the extraordinary meeting convened for October 8, will have net tangible assets of £489,000 which would otherwise stand at just £159,000 given post balance sheet losses.

Term debt, including the new loan stock, would be £500,000 and has borrowings, including term debt repayable within 12 months, would be £1.61m.

Change Wares intends to change its name to Bastian International.

Rothmans International p.l.c.
In his Statement to Shareholders Sir David Nicolson, Chairman of Rothmans International p.l.c., made the following points:-
* Record pre-tax profits of £105.2 million.
* Total dividend per share of 4.40p.
* Good start made to current year.
* Operating profits ahead of same period last year.

LONDON TRADED OPTIONS
September 15 Total Contracts 1,977 Calls 1,280 Puts 699
Table with columns: Option, Ex/Intra-Closing price, Vol., Closing offer, Vol., Closing offer, Vol., Equity Change

EUROPEAN OPTIONS EXCHANGE
Table with columns: Series, Vol., Nov., Last, Vol., Last, Vol., Last, Stock

JOINT VENTURE BY BRIDON
Bridon, the wire, rope and engineering group, and R K Textiles, a UK carbon fibre technology company, have signed an agreement to co-operate in high performance composites and to develop the application of carbon fibres and related materials.

TARMAC BUILDING PRODUCTS/BRADY
Resolutions to enable the capital reconstruction of Brady Industries have been passed at general meetings of the company. All conditions of the offers by Tarmac Building Products for the ordinary and "A" ordinary shares of Brady have therefore been satisfied and accordingly have become unconditional in all respects. They remain open until further notice.

KENDAL EXPANDS
Kendal Computer Group has purchased A.Malegic involving an investment in excess of £100,000 to cater for future development and expansion of this company.

ANDREW WEIR
Andrew Weir and Co. owner and manager of The Bank Line, has agreed in principle to acquire East Asiatic Company's 50 per cent shareholding in United Baltic Corporation, which will become a wholly-owned subsidiary. East Asiatic is based in Copenhagen.

SHARE STAKES
W. Williams and Sons—C. Phillips, a director, has sold 25,000 ordinary shares, reducing holding to 99,995.
Renfold Group—Sophus Berendsen A/S has acquired 25,000 ordinary shares, increasing holding to 52,98m (55.4 per cent).
Cronite Group—Coast Investment and Development Company is now the beneficial holder of 373,000 ordinary shares (8.7 per cent) as enlarged by rights issue.
Senior Engineering Group—As a result of recent purchases, the interest of the Prudential Corporation has now been increased to 4.55 per cent.
Cookson Group—Perelle Normet has disposed of 180,000 4s per cent preference ordinary shares, reducing holding to 61,762 (6.8 per cent but less than 1 per cent of total capital in issue).
Metal Closure Group—Norwich Union Life Insurance Society is interested in 1.13m ordinary shares (3.56 per cent).

INDIVIDUAL INVESTOR?
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Provident Mutual is launching a range of unit linked contracts from 1 October 1982—an opportunity not to be missed. Each one of the six new funds backing these contracts will be managed by the same investment team which has established a highly successful reputation in Managed Pension Funds circles. And whose expertise, up until now, has not been directly available to the individual investor.
The team manages group assets which exceed £300m and independent surveys show just how effective they have been for our subsidiary—Provident Mutual Managed Pension Funds Limited.
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Unit linked plans for the future

Companies and Markets

UK COMPANY NEWS

Banro marginally higher at midway

After higher interest of £125,000 against £74,000, taxable profits of Banro Industries finished the first half of 1982 marginally ahead from £317,000 to £324,000.

Shortfall at Danish Bacon and interim is omitted

Danish Bacon has passed its interim dividend. Difficult trading conditions and higher interest cut pre-tax profits for the first 32 weeks of 1982 from £322,000 to £215,000.

George Scholes surges to £3.11m

FOR THE year to June 30 1982 George H. Scholes, electrical engineer, reports an upsurge in pre-tax profits from £1.7m to £3.11m and an increase in total dividend from 18.5p to 20p with a final payment of 14p net.

Trade Indemnity Interim Report

by the Chairman, Mr. P. R. Dugdale, MA, on the six months ended 30 June 1982

In the Annual Report to Shareholders in May this year, the Directors indicated an intention to bring the Interim and Final Dividends more into line, commencing with this Interim Dividend announcement.

THE 1981 UNDERWRITING ACCOUNT showed at 30 June 1982 a credit balance of £304,116, after making provision for all known claims.

Both balances exclude the Underwriting Contingency Reserve, which stood at £2,000,000 at the end of last year and at £1,500,000 at the end of 1980.

CLAIMS PAID in the first half of 1982 on all three open Underwriting Accounts totalled £10.3 million, an increase of 51.5 per cent on the first half of 1981.

NEW BUSINESS added to our books in the first half of 1982, measured in terms of projected annual premium income, continued to flourish and showed a 10 per cent increase on the first half of 1981.

Trade Indemnity plc Underwriters of credit insurance since 1918

Chambers & Fergus ends £111,000 down

For the 52 weeks to June 30 Chambers & Fergus returned taxable profits of £281,000, compared with £412,000, the downturn coming in the first six months.

Some shrinkage at Amal. Metal and volume is little changed

A SLIGHT downturn from £335m to £325m in pre-tax profits is reported by Amalgamated Metal Corporation for the half-year to June 30 1982.

Fisher Karpark joins USM

The Fisher-Karpark Group, a leading manufacturer and distributor of parking meters, is to join the USM by way of a reverse takeover.

Poor start for Wheelers Restaurants

THE first five months of the financial year had not been good, Mr. R. M. Emmanuel, chairman of Wheelers Restaurants, told the annual meeting.

Rosediamond over £0.2m at six months

For the six months to July 31 1982 Rosediamond Investment Trust lifted its net revenue from £184,146 to £222,240 after expenses and tax.

Rothman's makes good start to current year

SIR DAVID NICHOLSON, the chairman of Rothmans International, told shareholders at the annual meeting that trading conditions during the current year had been broadly similar to those of the previous year.

Increase at United Real Property

Pre-tax revenue of United Real Property Trust, property investor and developer, improved from £1.27m to £1.62m for the year to April 5 1982.

Caution as Pentland has 5% increase

Although increasing its pre-tax profits by £554,000 to £786,000 in the six months to June 30 1982, the directors of Pentland Industries are not, at this stage, convinced this progress will continue into the final half of the year.

Public Works Loan Board rates

Table with columns: Years, Quota loans repaid, Non-quota loans A* repaid. Rows include Up to 5, Over 5 up to 6, etc.

IN BRIEF

RELIANCE KNITWEAR GROUP (maker of garments and leisure products) - Results for the year to April 30, 1982, reported on August 19.

Public Works Loan Board rates

Table with columns: Years, Quota loans repaid, Non-quota loans A* repaid. Rows include Up to 5, Over 5 up to 6, etc.

Public Works Loan Board rates

Table with columns: Years, Quota loans repaid, Non-quota loans A* repaid. Rows include Up to 5, Over 5 up to 6, etc.

BANRO INDUSTRIES plc Interim Results - Unaudited

Table with columns: Results for the half year to, 30.6.82, 30.6.81, Year to 31.12.81. Rows include Turnover, Profit before tax, Profit after tax, etc.

The unaudited Group profit before taxation for the half year ended 30th June, 1982 amounted to £234,111 compared with £316,502 for the corresponding period last year.

As to the prospects for the second half of the current financial year, although our order book is strong, we are likely to be affected by the slow introduction of our customers new model ranges and it would be unwise at this stage therefore, to forecast the total for the year.

Several new product developments are progressing satisfactorily and these, combined with the proposed sale of William Bate Limited, will ensure the continued growth of the Group once there is an upturn in the economy.

Edward Rose, Chairman and Chief Executive.

The principal activities of the Banro Group are the manufacture of framed windows, rolled sections, pressings, motor car body components, off-highway vehicle components, the continuous plating of metal in coil form and electro plating applications, for the sea, air, road, rail, domestic appliance and building industries.

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Helopolis Sheraton - In Cairo's most fashionable suburb, convenient to downtown, airport and historical sites. Experience the atmosphere in our variety of international restaurants, exciting lobby lounge and excellent business facilities.

Sheraton Hotels Worldwide logo and contact information.

Atlantic Assets Trust PLC advertisement. Includes text: 'AN INVESTMENT TRUST COMPANY WHOSE POLICY IS TO ACHIEVE LONG TERM CAPITAL GROWTH CONSIDERABLY IN EXCESS OF THE RATE OF UK INFLATION.' and a table of assets.

Atlantic Assets Trust PLC advertisement. Includes text: 'While there are considerable uncertainties in today's environment, we believe that we have identified an appropriate strategy for taking advantage of the current economic position.' and contact details for John V. Sheffield, Chairman.

Companies and Markets

MINING NEWS

UK COMPANY NEWS

UK NEWS

Weak metal prices cut RTZ earnings by 38%

BY KENNETH MARSTON, MINING EDITOR

AS EXPECTED First half 1982 results of the UK-based Rio Tinto-Zinc Corporation international mining and industrial group have been severely affected by the economic recession. But the 35.5 per cent fall in net attributable profits to £23.9m, equal to 11.2p per share compared with £47m a year ago, is a little larger than recent market estimates.

Table with 2 columns: 1982, 1981. Rows include Group sales, Operating profit, Div. and int. receiv., etc.

Overall, however, RTZ's share of profits of associated companies has dropped to \$4.2m from \$14.5m in the first half of 1981 when the full year's total came out at \$30.5m.

Midland Industries falls to £305,000 at midway

For the first half of 1982 pre-tax profits of Midland Industries, the engineer and repetition iron-founder, showed a decline from £421,000 to £305,000 on turnover ahead from £10.53m to £13.03m.

On the brighter side, considerable resources are being expended in widening the group's trading base through research and development on existing ranges and new product lines.

Corporate treasurers may be facing wrong way on 'futures'

BY JEREMY STONE

CORPORATE TREASURERS must be dull, unoriginal and uncreative. That was the conclusion drawn by Mr Beresford Packham from the nature of the audience at yesterday's FT conference on financial futures.

Mr Gray analysed the management systems needed for handling the foreign exchange exposure of a multinational company. He discussed reporting networks and the relation between a central treasury department and the operating companies on the periphery—and also the link with senior management.

Willaire Systems board's intention on dividends

THE BOARD of Willaire Systems has confirmed its intention to commence payment of dividends as soon as practicable. Mr S. P. Willison, the chairman, says in his annual statement.

Troubled rubber side hits Field

Field Industries, the South African industrial company with interests in aviation, industrial rubber products and fasteners and which is a subsidiary of Hunting Associated Industries of the UK, was badly affected by an alleged fraud in its rubber division in the six months ended June 30 1982.

Uncertain outlook for gold

THE BIG QUESTION in the gold market at the moment is whether the price has made a quantum leap of about \$100 per ounce as a result of the financial crisis in Mexico, or whether there will soon be a sharp fall back to about the \$350 level, according to Mr Robin Plumbridge, chairman of Gold Fields of South Africa.

GFSAs would be able to maintain the dividend total at 500 cents (254p) per share, and this forecast was repeated in February when the bullion price had fallen to \$360.

Montfort omits interim as loss totals £0.27m

Montfort (Knitting Mills) cut pre-tax losses from £297,000 to £267,000 for the six months to June 26 1982 but has passed its interim dividends. Last year's interim of 1p net was the sole payment made when losses of £708,782 were incurred.

slow improvement should now be maintained as the benefits of rationalisation become apparent. In the light of continuing pessimistic economic forecasts, the directors are taking positive steps to achieve a significant reduction in the group's borrowings over the next 12-18 months, even though this may require some further scaling-down of current activities, to ensure that a return to a wholly-profitable and stable operation can be realised as soon as possible.

FINANCIAL TIMES WORLD FINANCIAL FUTURES CONFERENCE

Mr Lewis examined some specific cases of hedging, including the use of long interest rate futures contracts to lock in a borrowing rate until the time should be ripe for issuing a 20-year loan. The principal of such a hedge is that the profit on selling futures contracts available if yields rise subsequently, produces enough income on investment to replace the extra interest cost.

COMPANY NOTICES

Gold Fields Notice to Holders of Ordinary Share Warrants to Bear Final Dividend

Consolidated Gold Fields PLC ASESORES DE FINANZAS, S.A. DE C.V.

GENERAL MOTORS CORPORATION Further to the DIVIDEND DECLARATION of 16th August 1982, NOTICE is now given that the following dividend will become payable on and after the 15th September, 1982, against presentation to the Depository (as below) of Claim Forms listing Bearer Depository Receipts.

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J. J. ...

INTERNATIONAL COMPANIES AND FINANCE

France's \$4bn Eurocredit will test the market

FRANCE'S \$4bn, 10-year Eurocredit, announced yesterday, should provide a major test of the Eurozone's ability to absorb large loans in the wake of the Mexican and Argentine debt problems...

German banks plan DM 1.7bn bond offers

WEST GERMAN banks yesterday set a calendar of 13 new foreign bond issues amounting to a total of DM 1.7bn for the coming month...

Richard Lambert examines Wall Street's mammoth takeover tussle

Climax near in Bendix battle

United Technologies raises ante... ONE OF THE most extraordinary takeover battles in Wall Street's history will come to a head in the next few days as Bendix, Martin Marietta and United Technologies struggle to control each other's destiny...

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists...

Table with columns: U.S. DOLLAR, OTHER STRAIGHTS, DEUTSCHE MARK, SWISS FRANC, YEN STRAIGHTS. Contains detailed bond listings with columns for Issued, Bid, Offer, Change, and Yield.

Mood

At the management level banks will be invited to come up with between \$25m and \$40m apiece while participants are expected to be asked for around \$5m to \$15m apiece...

Third quarter advance at AT and T

AMERICAN Telephone and Telegraph, the dominant U.S. telephone company, yesterday reported net income of \$1.97bn for its third quarter ended August 31...

Mexican shares decision awaited

TWO WEEKS after the nationalisation of Mexico's private banking system, trading of ordinary shares on the Mexican stock exchange is still suspended...

Advertisement for Comisión Mixta del Palmar (Comipal) U.S. \$130,000,000 Credit Facility. Includes logos for Crocker National Bank, The Bank of Tokyo, Ltd., and other financial institutions.

Inco to sell Rayovac operations

INCO, the world's largest nickel producer, has signed a letter of intent to sell the U.S. European, Canadian and Far Eastern operations of its Rayovac battery division to Ray Industries...

Interfood and Jacobs combined will create a major European company, John Wicks reports from Zurich

Entrepreneurial look for Swiss foods merger

SHAREHOLDERS in Interfood, the chocolate maker which trades under the Scharard and Tobler labels, meet in Lausanne tomorrow to vote on their company's proposed merger with Jacobs...

As Dr Cello says, a link-up with Jacobs gives the company a second leg to stand on. This could, in fact, have been brought about only by a merger...

in Germany, where the family set up in Bremen in 1885 and in later years pioneered the large-scale roasting and packaging of coffee for the retail trade...

E. F. Hutton International Inc. Martin Clarke, formerly of Manufacturers Hanover Ltd. has joined the Eurobond operation of E. F. Hutton International Inc., effective September 14, 1982.

SOCIETE FINANCIERE POUR LES TELECOMMUNICATIONS ET L'ELECTRONIQUE S.A. U.S.\$50,000,000 Floating Rate Notes 1980-1986 Irrevocably and unconditionally guaranteed by STET—Societa Finanziaria Telefonica per Azione

NOTICE TO BONDHOLDERS Alcan Australia Limited 8 1/2 % Bonds due 1989 Notice is hereby given that, pursuant to paragraph 4 (a) of the terms and conditions of the bonds...

Rapid rise in half-year net profits for Ahold

BY WALTER ELLIS IN AMSTERDAM AHOLD, the leading Dutch supermarket chain, increased net earnings for the first 28 weeks of this year by 45 per cent to Fl 30.8m (\$11.2m).

Credit deal provides fresh hope for AEG

BY STEWART FLEMING IN FRANKFURT AEG-TELEFUNKEN is a step closer to avoiding bankruptcy following the announcement that its banks have reached agreement with Bonn over Government credit guarantees.

Heinz Durr, the company's chief executive, is understood to have told the banking consortium that AEG expects to report a loss of around DM 900m in 1982...

Swedish group to acquire Dutch optical interests

BY WILLIAM DULLFORCE IN STOCKHOLM PORTIA, the Swedish biotechnology group, is buying for an undisclosed price a Dutch company, Medical Workshop, Europe's leading manufacturer of artificial eye lenses...

Interest charges expected to bring heavy IRI deficit

BY RUFERT CORNWELL IN ROME HOPES for a major turnaround in the fortunes of IRI, the giant Italian state-owned conglomerate, which lost a record L3,132bn (\$2.2bn) in 1981, have received a setback...

Heavier underwriting loss at Mutual and Federal

BY OUR JOHANNESBURG CORRESPONDENT AN INCREASED underwriting loss is reported by Mutual and Federal, the South African short-term insurer, for the year ended June 30. The company is controlled by Mutual and Federal Investment, which in turn is 51 per cent-owned by South Africa's largest insurance group, the Old Mutual and 49 per cent by Royal Insurance of the UK.

Guardian National ahead

BY OUR JOHANNESBURG CORRESPONDENT GUARDIAN National Insurance, the composite insurance company which is 51 per cent-owned by Guardian Royal Exchange of the UK improved its net profit from R1.7m to R2.8m (US\$ 2.3m) in the six months ended June 30. The company is also owned 18.4 per cent by Liberty Holdings, the holding company of Liberty Life, the largest quoted life assurance company in South Africa.

BASE LENDING RATES

Table with columns for bank names and interest rates. Includes A.B.N. Bank, Allied Irish Bank, Amro Bank, etc.

Advertisement for Electricite de France, Paris, DM 100,000,000 8 1/2 % Deutsche Mark Bonds due 1992. Includes EDF logo and list of participating banks.

Advertisement for Malayan Banking Berhad, US \$60,000,000 Negotiable Floating Rate Dollar Certificates of Deposit due 1987.

Losses at German Mobil

BY OUR FINANCIAL STAFF MOBIL OIL, the German subsidiary of Mobil of the U.S., suffered losses in the second quarter after a disappointing first three months. The company gave no figures but said financial benefits from exploration were more than offset by losses on oil product sales.

Companies and Markets **INTL. COMPANIES & FINANCE**

Profits and dividend rise at Fletcher Challenge

BY OUR FINANCIAL STAFF

FLETCHER CHALLENGE, New Zealand's largest company, has reported net profits of NZ\$90.2m (US\$65.4m) for the year ended June. Turnover was NZ\$2.19m and a dividend of 17 cents a share has been declared out of earnings per share of 42.5 cents.

The group was formed in January 1981 after a series of mergers in which Challenge took over Tasman Pulp and Paper and then merged with Fletcher Holdings.

For the year ended June 1981, Fletcher Challenge reported a net profit of NZ\$86.2m but this included 15 months' profits of

Fletcher Holdings and Tasman Pulp and Paper. Of an annualised basis group earnings were NZ\$90.7m. Last year the group paid a 15 cent dividend out of earnings of 37.4 cents a share.

The company said its profit performance was "reasonable in the light of international economic conditions" although the growth was substantially below New Zealand's inflation rate of 17 per cent.

Fletcher Challenge is active in virtually every major sector of the New Zealand economy, including farming, forestry,

construction, fishing, building materials and financial services. Economic conditions are having a particularly adverse effect on the group's timber, pulp and newsprint operations.

"Most of the group's business areas face more difficult trading conditions and it would be hard to maintain the same level of earnings for the current year," the company said.

The group struck its net profit after extraordinary gains of NZ\$3.1m (against NZ\$5.9m a year earlier), a loss of NZ\$6.5 on asset revaluations (NZ\$1.7m) and tax of NZ\$29.8m

Humes lifts earnings and payout

By Michael Thompson-Noel in Sydney

HUMES, the Australian concrete, steel and plastics group, has reported a 27.7 per cent boost in consolidated operating profit for the year to June 30, 1982. Final dividend will be 6 cents per ordinary share, against 5 cents previously, making a total of 10 cents per share against 8 cents.

Consolidated operating profit in the latest year was A\$18.28m (U.S.\$17.57m), against A\$14.25m the year before. The result included consolidated profits of ARC Industries for the six months to June 30.

Increased profits for the reconstructed group were expected in 1982-83 said the company. Orders in hand at June 30 totalled a record A\$272m.

Apart from its acquisition of ARC Industries for approximately A\$150m, Humes' results for the latest year were also influenced by the sale of Hume Industries (Far East) for A\$58.2m.

The group reported a disappointing profit of only A\$1.66m from its subsidiary Steel Mains, because of deferral of contracts and its share in a joint venture loss on the North West Shelf project. But most other companies in the group had traded well.

Guthrie Ropel slightly ahead

By Wong Sulong in Kuala Lumpur

GUTHRIE ROPEL, a subsidiary of Guthrie Corporation said its pre-tax profit rose by 6 per cent to 5m ringgit (US\$ 3m) on a turnover which rose 5 per cent to 41m ringgit for the half-year ended June.

The plantation company said the slight improvement in profit followed a substantial improvement in its rubber and palm oil crop, which was largely neutralised by lower prices.

It expected the full year's earnings to be lower than the 17.8m ringgit of 1981.

Keck Sang, also a plantation company, reported turnover 13 per cent higher at 50m ringgit. Pre-tax profit fell by 12 per cent to 5.3m ringgit for the half-year ended June.

Recession fails to check Murray and Roberts

BY OUR JOHANNESBURG CORRESPONDENT

MURRAY AND ROBERTS, one of South Africa's largest construction companies, maintained strong growth in the year ended June 30 despite the country's deteriorating economy. Group turnover rose to R1.7bn (\$1.48bn) from R1.22bn and operating profit before tax increased to R77.8m from R50.8m.

The company has benefited from the follow-through of orders placed as long as 18 months ago, but the directors believe that trading conditions will become more difficult in the current financial year. This year's earnings are expected to be unchanged.

The company suffered heavy

—though unquantified losses—in its Amardah oil rig construction subsidiary, but Mr Bill Bramwell, chief executive, hopes that the operation will recover this year.

Murray and Roberts' control structure was altered in the year just ended, which has entrenched the control of its parent company Anchusa and placed Murray and Roberts in a better position to use its own paper to pursue acquisitions.

A total dividend of 60 cents a share has been declared from earnings of 204 cents a share. In the previous year earnings per share were 157 cents and a total dividend of 46 cents was paid.

Rights issue for Wormald

By Our Financial Staff

WORMALD International, the Australian security and fire protection equipment maker, has reported a 5 per cent increase in net earnings for the year ended June to A\$28.1m (U.S.\$27m). Group sales rose by 10 per cent to A\$787m.

The company has declared a final dividend of 10 cents a share making a total of 20 cents for the year, unchanged from a year earlier.

Wormald also announced a one-for-six rights issue at A\$1.80 a share against a closing trading price yesterday of A\$2.60. It hopes to raise A\$20.24m through the issue, which will be used for working capital and to redeem preference shares.

Sales in Australia, the U.S., India, Africa and New Zealand show continued growth while sales in Europe and the Middle East are satisfactory, the company said.

The slump in UK operations, however, has continued and the division turned in a loss with a sales decline of about 15 per cent.

سكواستين ليدز

This announcement appears as a matter of record only

\$200,000,000

European Investment Bank

13 3/8% Notes Due September 15, 1992

Price 99.10%
(Plus accrued interest from September 15, 1982)

- Lehman Brothers Kuhn Loeb
- The First Boston Corporation
- Merrill Lynch White Weld Capital Markets Group
- Salomon Brothers Inc
- Lazard Frères & Co.
- Morgan Stanley & Co.
- Goldman, Sachs & Co.
- Atlantic Capital
- Bache Halsey Stuart Shields
- Basle Securities Corporation
- Bear, Stearns & Co.
- Blyth Eastman Paine Webber
- Dillon, Read & Co. Inc.
- Donaldson, Lufkin & Jenrette
- Drexel Burnham Lambert
- E. F. Hutton & Company Inc.
- Kidder, Peabody & Co.
- L. F. Rothschild, Unterberg, Towbin
- Shearson/American Express Inc.
- Smith Barney, Harris Upham & Co.
- UBS Securities, Inc.
- Warburg Paribas Becker
- Wertheim & Co., Inc.
- Dean Witter Reynolds Inc.

- Algemene Bank Nederland N.V.
- Amro International Limited
- Banca Commerciale Italiana
- The Bank of Bermuda Ltd.
- Banque Générale du Luxembourg S.A.
- Banque Nationale de Paris
- Caisse des Dépôts et Consignations
- County Bank
- Creditanstalt-Bankverein
- Crédit Commercial de France
- Girozentrale und Bank der österreichischen Sparkassen
- Hill Samuel & Co.
- IBJ International Limited
- Kreditbank S.A. Luxembourgeoise
- Morgan Grenfell & Co.
- Nippon Credit International (HK) Ltd.
- Orion Royal Bank
- Société Générale de Banque S.A.
- Vereins- und Westbank
- Westdeutsche Landesbank
- Girozentrale

September 13, 1982

CONSULAN HOLDING AG

has acquired
LENZLINGER & SCHAERER, Zurich

the undersigned acted as financial adviser to
Consulan Holding AG, Zofingen (Switzerland)

ARAFIN LIMITED

August 1982
This announcement appears as a matter of record only



Empresa Brasileira dos Transportes Urbanos - EBTU

Financing of equipment to be supplied by
GEC Transportation Projects Limited and GEC Traction Limited
for the
Recife Suburban Railway System

US\$102,000,000
Medium Term Eurocurrency Loan

£41,572,347
UK Export Credit Loan

- Guaranteed by The Federative Republic of Brazil
- Managed by Lloyds Bank International Limited
- Bankers Trust Company
- Barclays Bank Group
- Citicorp International Group
- First Chicago Panama S.A.
- National Westminster Bank Group
- Banque Paribas (London)
- Manufacturers Hanover Trust Company
- Provided by Lloyds Bank International (Bahamas) Limited
- Bankers Trust Company
- Barclays Bank International Limited
- Citibank, N.A.
- The First National Bank of Chicago
- International Westminster Bank PLC
- Banque Paribas (London)
- Manufacturers Hanover Trust Company
- The Federative Republic of Brazil
- Lloyds Bank Plc
- Bankers Trust Company
- Barclays Bank Group
- Citicorp International Group
- First Chicago Panama S.A.
- National Westminster Bank Group
- Banque Paribas (London)
- Manufacturers Hanover Trust Company

Agent Bank Lloyds Bank International

August 1982
This announcement appears as a matter of record only



Empresa Brasileira dos Transportes Urbanos - EBTU

Financing of local civil works to be undertaken by
Construtora Norberto Odebrecht S.A.
for the
Recife Suburban Railway System

US\$60,000,000
Medium Term Eurocurrency Loan

- Guaranteed by The Federative Republic of Brazil
- Managed by Midland Bank International
- Lloyds Bank International Limited
- Banco Mercantil de São Paulo S.A.
- Banco Real S.A.
- Euro-Latinamerican Bank Limited
- European Brazilian Bank Limited - EUROBRAZ
- Industrial National Bank of Rhode Island
- The Siam Commercial Bank, Limited
- Provided by Midland Bank plc
- Lloyds Bank International (Bahamas) Limited
- Banco Mercantil de São Paulo S.A.
- Banco Real S.A.
- Euro-Latinamerican Bank Limited
- European Brazilian Bank - EUROBRAZ
- Industrial National Bank of Rhode Island
- The Siam Commercial Bank, Limited

Agent Bank Lloyds Bank International

الانجليزية

Companies and Markets

COMMODITIES AND AGRICULTURE

Australian rain 'came too late'

RAINS in south eastern Queensland have broken the long drought but have come too late to allow for additional wheat planting, said the U.S. Department of Agriculture yesterday.

The light rain which fell over a vast area of southern Queensland last week was insufficient to provide any lasting relief from the severe drought affecting the eastern wheat growing region of the country, USDA said.

PHILIPPINE coconut oil mills with multinational parents have expressed concern over new regulations on export taxes imposed by the Philippine government.

THE UK Monetary Compensation Account (MCA), for wheat will rise to £15.153 for the week ending September 20, from £11.501.

INDONESIA'S 1982 rice crop is expected to be 2.2 million tonnes, compared with 2.2 million last year, Junior Minister for Food Production Ahmad Afandi, said yesterday.

AUSTRALIA has imposed controls on the amount of beef exports to the U.S. to prevent shipments exceeding the level which would trigger import quotas, its Trade Department has announced.

SOVIET MEAT production from state and collective farms in 1982 fell to 9.712 million tonnes, from 9.814 million for the same period last year, according to Ekonomicheskaya Gazeta magazine.

SPAIN'S olive oil exports at 24,500 tonnes for the first nine months of the current season, were 42.5 per cent down on the same period last year, says the Spanish Olive Oil Exporters' Association.

World sugar near 9-year low

BY TERRY POWY

WORLD SUGAR prices continued to fall yesterday with the London daily price for raws set in the morning only £2 above a nine-year low, at \$82 per tonne.

The purchase by Egypt of a reported six cargoes of whites yesterday, some 60-70,000 tonnes, falls into this category, the dealers said.

On the London futures market, the active March position fell yesterday by £2.90 to close at £106.55 per tonne.

According to the World Sugar Journal, production in 1982/83 will exceed consumption by 3.6 million tonnes. As a result, world stocks could increase to 1.6 million tonnes from their current level of 5.7 million.

The journal's estimate of stocks excludes the 1.4 million tonnes held by members of the International Sugar Organisation and some 16 million tonnes held commercially.

Senior reports from Brazil: that Brazil, the U.S. and Australia are to take joint action over European Community sugar subsidies.

The countries first plan to lobby Community authorities at the administrative level over the subsidies which they see as prejudicial to the world sugar price and if that fails, bring the issue up in an international forum.

Falling world sugar prices could push Brazil's export earnings from the commodity below \$700 million this year compared with \$1.1 billion last year, the Ministry said.

Sharp fall in tin market

By John Edwards, Commodities Editor

TIN PRICES fell back again on the London Metal Exchange yesterday as the market came under heavy speculative selling pressure. Cash tin closed \$175.50 down at \$7,252.5 a tonne, showing a loss of \$477.5 this week.

Selling interest was triggered off by a further decline in the Straits tin price, which fell by 90 cents to \$329.40 a kilo. This was the third successive decline in the Penang market this week, in spite of a low turnover of only 90 tonnes.

It has raised doubts about the ability of the buffer stock of the International Tin Council to control prices. However, support buying, believed to be on behalf of the buffer stock, came in at the lower levels on the London market yesterday.

London base metal values were generally under pressure yesterday in line with the fall in gold. Higher grade cash copper closed \$6.5 down at \$838 a tonne. In New York, Asarco said it was cutting its U.S. domestic selling price for copper by 1¢ cents to \$8.5 a pound.

In Vancouver, Noranda said it is closing the Bell copper mine in British Columbia indefinitely because of low copper prices.

Meanwhile, Noranda and Electrolytic Zinc of Australia, both yesterday raised their selling prices for zinc outside North America by \$5 a tonne. This follows the rise to \$850 announced by Cominco of Canada last Friday.

So far, European smelters have made it plain that they consider a rise in the European producer price from its present level of \$800 cannot be sustained.

In Toronto, Noranda Mines said talks were continuing between negotiators for the Canadian Inco plant at Valleyfield, Quebec, and the striking United Steelworkers' Union. Workers struck on June 9.

The plant produced 224,000 short tons of zinc in 1981, working at about 94 per cent efficiency.

MARKET PROFILE: POTATOES

BY DAVID RICHARDSON

Confusion deepens over size of crop

THIS YEAR'S UK potato crop seems set to break all records for average yield per hectare. The Potato Marketing Board, the Ministry of Agriculture, the trade and even most growers, agree that it is a very big crop.

There is not quite as much unanimity however on just how big, nor on the likely effect it will have on prices, supplies or imports.

The PMB, for instance, in a declared attempt to add 'transparency' to the potato market, has for the first time this year given estimates of the expected yield per hectare and the total tonnage.

The board's predicted yield, which seems to have been arrived at more by reference to straight line projections from previous years' results than from any detailed survey of the crop, is put at 38.6 tonnes per hectare. On the acreage planted this would imply a total crop of more than 6.5 million tonnes, which is 10 per cent up on last year.

The PMB went on to suggest, however, that because of things like reduced carry-over stocks from last season, an expected increase in consumption to an unprecedented 107 kg per person, and a presumed capability to cut imports, there would be a slight deficit of supply to demand of 54,000 tonnes by next summer.

The board also reminded concerned that it counted 517,000 tonnes of potatoes contracted to be imported under a programme earlier this year and that because of this it "held the ring" and could exercise considerable control over prices and supplies.

Some traders, on the other hand, are convinced that the PMB's estimates of virtually perfect balance in the market are not going to be true. They are convinced that the crop is bigger than the board admits and that even without excessive imports there will be a surplus of a few hundred thousand tonnes.

Potato merchants, it should be said, always talk like that because it helps to bring the export price down. Nevertheless, their argument appeared to gain validity when it was announced that next year the PMB seeks to reduce the quota for growing potatoes by some 2,000 hectares.

If consumption is rising and predictions of a slight shortage of potatoes next spring are genuine, where is the logic in cutting back the home-grown crop? All that would do is suck in more imports, predictably, causing some embarrassment at PMB headquarters.

The explanation, somewhat reluctantly given, is that the board is not an entirely free agent in these matters and that next year's crop will be dictated by the Ministry of Agriculture and beyond that the Treasury, which seeks to limit government commitment to the potato price through the guarantee system.

Always assuming this is an accurate interpretation, it raises the question of whether the Government is now content to see increasing tonnages of potatoes imported as a regular source for part of the UK supply, which may mean a departure from previous policy, which stated that the PMB should endeavour to budget for growing a slight surplus in this country.

Meanwhile, the Ministry of Agriculture has issued its own assessment of likely UK potato yields. It has pitched them at 38.6 tonnes per hectare, exactly 1 tonne per hectare less than that estimated by the PMB.

In other words the Ministry appears to be suggesting a bigger shortfall of supplies than the PMB, while at the same time imposing cuts in the area of next year's crop.

Given that the declared aim of all these estimates is to provide market transparency it would be difficult to imagine a more confused picture. It is hardly surprising therefore that trade on the potato futures market has been desultory and dull. It was reported, in fact, that on one day recently there were only two trades.

It can only be assumed that speculators have discounted these conflicting reports, and others of 50-tonne-plus-per-acre crops in some areas against severe and debilitating attacks of blight elsewhere, and calculated that the market has got it about right.

Current futures levels would be considered reasonably satisfactory and realistic by growers, should they be required to deliver against a contract.

Denmark in German cod deal

BY HILARY BARNES IN COPENHAGEN

CONCESSIONS BY Denmark have paved the way for a resolution of the Greenland cod-catch dispute with West Germany.

A delegation led by Mr Uffe Ellemann-Jensen, Foreign Minister, agreed at a meeting in Bonn on Tuesday evening that West German fishermen should be allowed to take 5,000 tonnes of cod off West Greenland between now and November 1.

Following this agreement the West German Government has said it will drop the case it had threatened to bring against Denmark in the European Court and that it will give its support to a generous trade agreement between the EEC and Greenland when Greenland leaves the EEC in 1984 or 1985.

The dispute arose after the Social Democratic Government in Denmark, which resigned on September 3, threatened to accept German fishermen if they started fishing for 2,000 tonnes of cod off Greenland this month, part of a 10,000-tonne quota awarded to West Germany by the EEC Commission in the summer fisheries negotiations.

The quota was not formally approved, however, because Denmark prevented final agreement on the Common Fisheries Policy.

Mr Laurids Toernæs, Danish fishermen's leader and Liberal member of the Folketing, said the deal clinched in Bonn would strengthen Denmark's position in the further negotiations on the Common Fisheries Policy, to take place in Brussels on October 4.

However, Mr Karl Ejortnaes, former Fisheries Minister, has claimed that the new Government has thrown away one of its few bargaining counters.

Norway protests over capelin fishing

BY FAY GJETER IN OSLO

NORWAY has renewed its protests to the EEC Commission about Danish fishing for capelin in the waters around the Svabard (Spitzbergen) Archipelago, where Oslo claims the right to enforce a fishery protection zone, setting quotas for the total allowable catch of various types of fish.

It is suggesting that if the EEC cannot do or agree to hold catches around Svabard at previous levels, it will reduce the catch quotas in its own economic zone which it had planned to offer the EEC under next year's fishery agreement with the Community.

The capelin, a small distant cousin of the salmon, is mainly used for making fish meal and oil. It accounts for a large part of Norway's total fisheries. The Norwegian say stocks are threatened by the intensive Danish activities.

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French farm aid opposed

BY LARRY KLINGER IN BRUSSELS

FRANCE yesterday came nearer to being placed in the dock at the European Court over cash aids to its farmers.

The European Commission rejected French arguments that payments of around £1.25bn by the Credit Agricole farmers cooperative bank did not contravene EEC rules governing free trade in agriculture.

France still has a last chance to submit further legal argument to stave off full court action, but the feeling within the Commission yesterday was that the case would now go ahead.

Several EEC member-states, especially Britain, have been seeking Commission action since France announced a £500m farming aid programme at the end of last year.

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LONDON OIL SPOT PRICES

Table with 2 columns: Label, Change. Includes items like Arabian Light, Arabian Heavy, etc.

GOLD MARKETS

Gold fell \$10 an ounce from Tuesday's close in the London bullion market yesterday.

Table with 2 columns: Label, Change. Includes items like Gold Bullion, Gold Coins, etc.

GAS OIL FUTURES

Table with 2 columns: Label, Change. Includes items like Brent, etc.

LONDON FUTURES

Table with 2 columns: Label, Change. Includes items like Sept, etc.

BRITISH COMMODITY MARKETS

BASE METALS

Table with 2 columns: Label, Change. Includes items like Tin, Copper, etc.

COCOA

Table with 2 columns: Label, Change. Includes items like Sept, etc.

COFFEE

Table with 2 columns: Label, Change. Includes items like Sept, etc.

SILVER

Table with 2 columns: Label, Change. Includes items like Sept, etc.

SOYABEAN MEAL

Table with 2 columns: Label, Change. Includes items like Sept, etc.

RUBBER

Table with 2 columns: Label, Change. Includes items like No. 1, etc.

PRICE CHANGES

Table with 2 columns: Label, Change. Includes items like Metals, etc.

AMERICAN MARKETS

Table with 2 columns: Label, Change. Includes items like Oct, etc.

MONDAY'S CLOSING PRICES

Table with 2 columns: Label, Change. Includes items like Sept, etc.

EUROPEAN MARKETS

Table with 2 columns: Label, Change. Includes items like Sept, etc.

INDICES

Table with 2 columns: Label, Change. Includes items like Sept, etc.

REUTERS

Table with 2 columns: Label, Change. Includes items like Sept, etc.

MOODY'S

Table with 2 columns: Label, Change. Includes items like Sept, etc.

DOW JONES

Table with 2 columns: Label, Change. Includes items like Sept, etc.

POTATOES

Table with 2 columns: Label, Change. Includes items like Sept, etc.

MEAT/FISH

Table with 2 columns: Label, Change. Includes items like Sept, etc.

WOL FUTURE

Table with 2 columns: Label, Change. Includes items like Sept, etc.

COTTON

Table with 2 columns: Label, Change. Includes items like Sept, etc.

WHEAT

Table with 2 columns: Label, Change. Includes items like Sept, etc.

GRAINS

Table with 2 columns: Label, Change. Includes items like Sept, etc.

WHEAT

Table with 2 columns: Label, Change. Includes items like Sept, etc.

BARLEY

Table with 2 columns: Label, Change. Includes items like Sept, etc.

Advertisement for Gold trading with text: 'How private investors can reduce risk in gold trading'. Includes logo for Metallgesellschaft.

Large table of commodity prices for various metals and grains, including columns for Label, Change, and Business Done.

Table of futures prices for items like Tin, Copper, Silver, Soyabean Meal, Rubber, etc.

Table of market indices including American, European, and Dow Jones indices, along with price changes for various commodities.

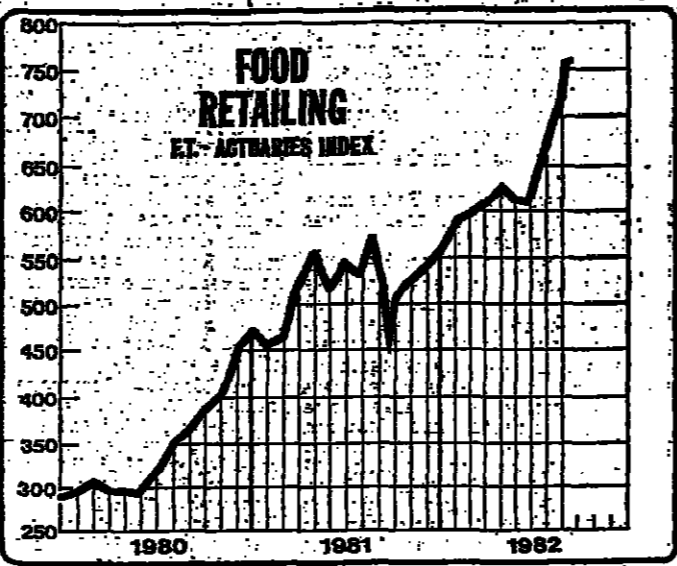
Companies and Markets

LONDON STOCK EXCHANGE

Nervous equity market again changes direction and index falls over 9 points—Gilt-edged more stable

Account Dealing Dates
Option
First Declared last Account Dealing Dates Day
Sept 6 Sept 16 Sept 27 Sept 27
Oct 4 Oct 14 Oct 25 Oct 25

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First Declared last Account Dealing Dates Day
Sept 6 Sept 16 Sept 27 Sept 27
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Bowater which fell to 182p after closing 4 cheaper on the day at 197p. Most of the other miscellaneous industrial leaders also closed above the worst. BTR ended 10 cheaper at 336p, after 382p, and Glaxo 5 lower at 780p, after 775p.

lower profits—this time from RTZ—resulted in further downward pressure on London Financials. RTZ dipped to 423p ahead of the interim statement, rallied to 427p immediately following the figures but fell back sharply on renewed selling to close 15 down at 418p.

FINANCIAL TIMES STOCK INDICES
Table with columns for various stock indices (Government Secs, Fixed Interest, Industrial Ord., etc.) and their values for Sept 14 and Sept 13.

Chartered rallied 3 to 360p. Leading Buildings held relatively steady, although Kin Circle drifted off to close cheaper at 425p and BTR finished 3 off at 406p.

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RECENT ISSUES

Table of Recent Issues (Equities) listing stock names, issue prices, and other details.

FIXED INTEREST STOCKS

Table of Fixed Interest Stocks listing various bonds and their prices.

"RIGHTS" OFFERS

Table of Rights Offers listing companies and the details of their rights issues.

ACTIVE STOCKS

Table of Active Stocks listing stocks with significant price changes.

TUESDAY'S ACTIVE STOCKS

Table of Tuesday's Active Stocks listing stocks active on the previous day.

FT-ACTUARIES SHARE INDICES

Table of FT-Actuaries Share Indices listing various equity groups and their performance.

NEW HIGHS AND LOWS FOR 1982

Table of New Highs and Lows for 1982 listing various companies and their stock prices.

RISES AND FALLS YESTERDAY

Table of Rises and Falls Yesterday listing various stock categories and their daily movements.

'A GUIDE TO FINANCIAL TIMES STATISTICS' advertisement. Includes a coupon for requesting a free copy of the book.

Companies and Markets

CURRENCIES AND MONEY

FT UNIT TRUST INFORMATION SERVICE

Dollar recovers

The dollar recovered in late trading yesterday as the U.S. Federal Reserve entered the market to drain liquidity. Earlier in the day attention had been focussed on news of a \$4bn loan arranged by the French authorities to help prop up the French franc and the latter showed a firmer tendency initially before stabilising as the dollar improved. Sterling was slightly better overall, finishing hardly changed against the dollar and firmer against most European currencies.

DOLLAR - Trade weighted index (Bank of England) 122.1 against 122.5 on Tuesday and 112.6 three months ago. Three-month Treasury bills 8.03 per cent (12.84 per cent six months ago). Annual inflation rate 6.5 per cent (7.1 per cent previous month) - The dollar closed at DM 2.5150 against the D-mark compared with DM 2.5090 and SwFr 2.1450 from SwFr 2.1400. It was also up against the Japanese yen at ¥263.25 from ¥262.90 and FF 7.0950 compared with FF 7.0925.

STERLING - Trade weighted index 91.7, unchanged from noon but up from 91.6 at the opening and Tuesday's close 190.3 six months ago. Three-month interbank 10.1 per cent (13.75 per cent six months ago). Annual inflation 8.7 per cent (9.2 per cent previous month) - Sterling traded between \$1.7160 and \$1.7160 against the dollar and closed at \$1.7070-1.7080, a fall of just 5 points. Against the D-mark it rose to DM 2.4280 from DM 2.4275 and the SwFr 3.6625 from SwFr 3.6575. It was slightly down against the French franc at FF 12.1075 from FF 12.11.

D-MARK - EMS member (second weakest). Trade weighted index unchanged at 122.3 from Tuesday and 122.3 six months ago. Three-month interbank 8.1 per cent (13.75 per cent six months ago). The D-mark eased to SwFr 24.335 from SwFr 24.330.

EMS EUROPEAN CURRENCY UNIT RATES

Table with columns: Currency, ECU central rate, % change from previous ECU, % change from previous month, Divergence limit %.

EXCHANGE CROSS RATES

Table with columns: Currency, Pound Sterling, U.S. Dollar, Deutschmark, Japanese Yen, French Franc, Swiss Franc, Dutch Guilder, Italian Lira, Canada Dollar, Belgian Franc.

FT LONDON INTERBANK FIXING (11.00 a.m. SEPTEMBER 15)

Table with columns: 3 month U.S. dollars, 6 month U.S. dollars.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Table with columns: Term, Sterling, U.S. Dollar, Canadian Dollar, Dutch Guilder, Swiss Franc, French Franc, D-mark, Italian Franc, Japanese Yen, Yen, Danish Krone.

MONEY MARKETS

Revised shortage

UK clearing bank base lending rate 10 1/2 per cent (since August 30 and 31). Short-term interest rates showed little change, with most periods at around 11 per cent in the London money market. Monthly make-up day for the banks resulted in some fairly confused trading in overnight money however, and the Bank of England revised upwards very sharply its estimate of the daily credit shortage. At first the shortage was estimated at £500m, but this was quickly revised to £500m. Market makers were expected to be bills maturing in official hands and a net market take-up of Treasury bills - £230m, and Exchequer transactions - £200m. In the afternoon the shortage was again revised, but this time sharply upwards, to a figure of £700m. Total money market assistance provided by the authorities was £801m. Before lunch the Bank of England gave help of £201m by buying £6m bank bills in hand 1 (up to 14 days) at 10 per cent; £4m Treasury bills in hand 2 (13-35 days) at 10 per cent; £212m

THE POUND SPOT AND FORWARD

Table with columns: Date, Day's spread, Close, One month, % Three months, % Six months.

THE DOLLAR SPOT AND FORWARD

Table with columns: Date, Day's spread, Close, One month, % Three months, % Six months.

CURRENCY MOVEMENTS CURRENCY RATES

Table with columns: Bank of England Index, Morgan Guaranty, Sterling, U.S. Dollar, Deutschmark, Japanese Yen, French Franc, Swiss Franc, Dutch Guilder, Italian Lira, Canada Dollar, Belgian Franc.

OTHER CURRENCIES

Table with columns: Argentina Peso, Australian Dollar, Canadian Dollar, Danish Kroner, Deutschemark, Hong Kong Dollar, Indian Rupee, Japanese Yen, New Zealand Dollar, Singapore Dollar, South African Rand, U.A.E. Dirham, Australian Dollar, Canadian Dollar, Danish Kroner, Deutschemark, Hong Kong Dollar, Indian Rupee, Japanese Yen, New Zealand Dollar, Singapore Dollar, South African Rand, U.A.E. Dirham.

Table listing various unit trusts and their performance metrics.

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AUTHORISED TRUSTS

Large table listing numerous authorized trusts, their managers, and performance data.



Three-Month Euro Franc. The graph shows a significant peak in late August followed by a sharp decline and subsequent recovery.

EUROCURRENCIES

Lower franc rates

Euro French franc interest rates fell yesterday as the franc recovered on the foreign exchange following the announcement of a syndicated \$4bn 10-year loan to the French Government. The loan, which has been set at 1 per cent above the London interbank offered rate, will be used to increase currency reserves and defend the franc against speculation. The news of the loan led to a marked improvement by the franc against the dollar in spot trading, and also narrowed sharply the franc's discount in forward trading. Eurodollar rates also declined yesterday, narrowing the forward premium of strong currencies such as the D-mark, Swiss franc and Japanese yen against the dollar. Eurosterling rates were little changed, but several other Eurocurrency rates had a softer tone including Eurodollars.

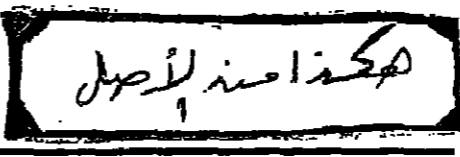
LONDON MONEY RATES

Table with columns: Term, Starting Certificate of deposit, Interbank, Local Authority deposits, Local Authority negotiable bonds, Finance House Deposits, Company Deposits, Treasury Bills, Finance Bills, Fine Treaasuries.

MONEY RATES

Table with columns: Term, New York, Germany, France, Japan.

NOTES: Prices are in pence unless otherwise indicated and are quoted as bid prices for the currency in question. Yield is based on a 365-day year. All prices are subject to change without notice.



INSURANCES

Table of insurance companies and their products, including Abnay Life Assurance Co. Ltd., Aneq Life Assurance Ltd., and various other international insurers.

INSURANCE & OVERSEAS MANAGED FUNDS

Main table listing various insurance and managed funds, including Life Assur. Co. of Pennsylvania, Norwich Union Insurance Group, and numerous international fund managers like Standard Life Assurance Company and Sun Life of Canada.

OFFSHORE AND OVERSEAS

Table listing offshore and overseas financial services, including Florencia Japan Fund S.A., Prudential Trust Investment, and various international fund managers.

NOTES: Prices are in pence unless otherwise indicated. All prices are subject to change without notice. The above information is for general information only and does not constitute an offer of any financial product.

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FT SHARE INFORMATION SERVICE

FOOD, GROCERIES—Cont.

LOANS—Continued

BANKS & H.P.—Cont.

CHEMICALS, PLASTICS—Cont.

ELECTRICALS—Continued.

BRITISH FUNDS

Table of British Funds including 'Shorts' (Lives up to Five Years) and Five to Fifteen Years categories.

Building Societies

Table of Building Societies with columns for Stock, Price, and Yield.

FOREIGN BONDS & RAILS

Table of Foreign Bonds & Rails listing various international securities.

AMERICANS

Table of American stocks and shares.

Hire Purchase, etc.

Table of Hire Purchase and other financial services.

BEERS, WINES AND SPIRITS

Table of Beers, Wines and Spirits.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of Building Industry, Timber and Roads.

DRAPERY AND STORES

Table of Drapery and Stores.

ELECTRICALS

Table of Electricals.

ELECTRICALS

Table of Electricals (continued).

ENGINEERING MACHINE TOOLS

Table of Engineering Machine Tools.

INDUSTRIALS (Miscel.)

Table of Industrials (Miscellaneous).

HOTELS AND CATERERS

Table of Hotels and Caterers.

Over Fifteen Years

Table of Over Fifteen Years funds.

Undated

Table of Undated funds.

Index-Linked & Variable Rate

Table of Index-Linked & Variable Rate funds.

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

Table of International Bank and Overseas Government Sterling Issues.

CORPORATION LOANS

Table of Corporation Loans.

CANADIANS

Table of Canadian stocks.

COMMONWEALTH AND AFRICAN LOANS

Table of Commonwealth and African Loans.

BANKS AND HIRE PURCHASE

Table of Banks and Hire Purchase.

LOANS Public Bank and Ind.

Table of Loans Public Bank and Industrial.

Japanese Insight advertisement for Clwyd, featuring text about Japanese industrialists and an image of glasses.

CHEMICALS, PLASTICS

Table of Chemicals and Plastics.

FOOD, GROCERIES, ETC.

Table of Food, Groceries, etc.

INDUSTRIALS (Miscel.)

Table of Industrials (Miscellaneous).

Handwritten text in a box at the top center of the page.

INDUSTRIALS—Continued

Table of industrial stock prices including companies like British Petroleum, Shell, and ICI.

LEISURE—Continued

Table of leisure stock prices including companies like British Airways and British Telecom.

PROPERTY—Continued

Table of property stock prices including companies like British Land and Wimpey.

INVESTMENT TRUSTS—Cont.

Table of investment trust stock prices including various funds like Fidelity and Invesco.

OIL AND GAS—Continued

Table of oil and gas stock prices including companies like BP and Shell.

Saitama Bank advertisement with logo and contact information.

MINES—Continued

Table of mine stock prices including companies like Anglo American and De Beers.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade stock prices.

SHIPPING

Table of shipping stock prices.

SHOES AND LEATHER

Table of shoes and leather stock prices.

SOUTH AFRICANS

Table of South African stock prices.

TEXTILES

Table of textile stock prices.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publisher stock prices.

OVERSEAS TRADERS

Table of overseas trader stock prices.

PLANTATIONS

Table of plantation stock prices.

TEAS

Table of tea stock prices.

MINES

Table of mine stock prices.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stock prices.

FINANCE, LAND, ETC.

Table of finance, land, and other stock prices.

TOBACCO

Table of tobacco stock prices.

PROPERTY

Table of property stock prices.

INSURANCES

Table of insurance stock prices.

LEISURE

Table of leisure stock prices.

REGIONAL AND IRISH STOCKS

Table of regional and Irish stock prices.

OPTIONS

Table of options prices.

Far West Rand

Table of Far West Rand stock prices.

O.F.S.

Table of O.F.S. stock prices.

FRANCE

Table of French stock prices.

OIL AND GAS

Table of oil and gas stock prices.

Diamond and Platinum

Table of diamond and platinum stock prices.

NOTES

Notes section containing various financial notices and company announcements.

stannah LIFTS Watt Close - East Portway - Andover Hampshire SP10 3SD - Tel: 0264 64311

BOARD'S 6% OFFER AN INSULT TO MINERS, SAYS SCARGILL

NCB links pay rise to cuts

BY JOHN LLOYD, LABOUR EDITOR

THE NATIONAL Coal Board yesterday sought to draw the National Union of Mineworkers into a joint response to the mounting problems in the industry...

Thursday, "the dangers of conflict are there." The rejection of the board's first position by the NUM executive was unanimous...

A class divide on central heating

By Robin Pauley

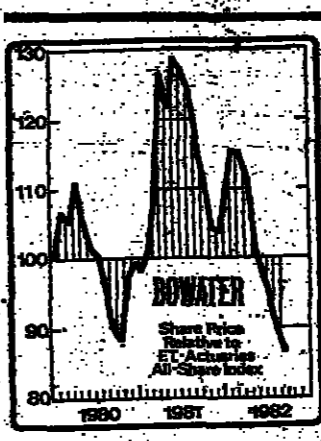
KEEPING WARM is a priority for Britain's professional workers: 86 per cent of them have central heating in their homes compared with less than half the unskilled and semi-skilled population.

THE LEX COLUMN

How Bowater bends with the wind

Fortunately for Bowater, its North American trees are converted into newspapers, not houses. Final demand for newsprint is still showing some improvement...

Index fell 9.5 to 576.2



to \$61m from \$145m, and the \$28m improvement runs right down to the very bottom line. Given the state of the market...

Government Broker appointed

By John Moore, City Correspondent

MR NIGEL ALTHAUS, the senior partner of stockbrokers Pender and Boyle, is to be the new Government Broker after the death of Lord Cromwell last month.

In a break with tradition, the Government has looked outside the ranks of Millers, the official broker to the Government for Lord Cromwell's successor.

Decision on £10m for Inmos may have to be made this year

BY GUY DE JONQUIERES

THE GOVERNMENT may have to decide this year whether to inject £10m more into Inmos, the state-backed microchip maker, on top of almost £100m it has invested in the project so far.

Inmos is pressing for a quick decision. It has made plain that failure to find extra money, or a long delay, would force it to defer plans to start volume chip production at its UK plant near Newport, South Wales, to conserve its dwindling cash balances.

for extra finance. These would be likely to include a reduction in the equity stakes held by Dr Richard Petritz and Dr Iann Barron, Inmos's co-founders, each of whom owns about 5 per cent of the company.

Nonetheless, the issue could prove controversial in the Cabinet, which argued for months before deciding to give Inmos its last £25m tranche of equity investment in 1980.

There is still no single consumer item which all members of the leading socio-economic group can be said to possess. In most cases the other groups of workers are spending their money on household durables at a rate which brings them much closer to the ownership levels of their bosses.

Professional and manual workers are on a par when it comes to house-owning—only 3 per cent in each group are without a vacuum cleaner.

The number of professional people owning a car has risen from 91 per cent in 1976 to 91 per cent in 1980. The number of households with three or more cars and vans is still 2 per cent.

Only one in five professional workers now smokes. The male unskilled manual worker is the only socio-economic group with more than 50 per cent smoking.

Thatcher heads for Far East

BY ALAIN CASS, ASIA EDITOR

MRS MARGARET THATCHER, the Prime Minister, sets off today on what is being billed as a "major" trip to the Far East, which will include discussions over the future of Hong Kong with Chinese leaders in Peking.

The lease on most of the colony runs out in 1997. Britain claims ownership in perpetuity of Hong Kong Island, but China has never recognised the treaties which form the basis of Britain's claim.

Although officials are carefully discounting the possibility of a breakthrough on this visit, preferring instead to talk of a "step-by-step" approach, pressure on Mrs Thatcher to come up with something to calm the colony's nerves has been growing.

China — which gets about 40 per cent of its foreign exchange from Hong Kong — has repeatedly said it does not wish to destroy reign confidence. Richard Hanson reports from Tokyo: Anglo-Japanese trade relations, which have deteriorated sharply this year, will undoubtedly figure high on the list of priorities of Mrs Thatcher's official visit to Japan.

Continued from Page 1 Saudis

established in Delaware. The Saudi Government, through the Northern Ireland Department of Economic Development, has a 3 per cent stake in that concern. Other shareholders include the limited partnership which earlier contributed about £18m to the aircraft's development and members of the late Mr Lear's family.

Mr Adam Butler, Minister of State for Northern Ireland, said the Government would have two directors on the boards of both Lear Fan and its parent. It would also have rights to subscribe to shares from the sale of each aircraft. He said he was "absolutely delighted" at the latest development.

Lear-Fan announced the appointment of Mr Bob Burch, an independent oil operator from Denver, Colorado, as chairman and chief executive officer. He appears to be the favoured bidder in the refinancing deal. Although he has no aviation experience, the fresh capital appears to result from his close ties with Saudi oil industry personalities.

Mr Burch said the motivation of the new investors was "purely one of profit." They believed the Lear Fan aircraft would be the corporate aircraft of the future as they could see. It will be powered by two turbine engines connected to one rear-mounted pusher propeller and the company claims significant fuel advantages over existing competitors.

RTZ's net earnings down 38.5%

BY KENNETH MARSTON, MINING EDITOR

RIO TINTO-ZINC, the British-based international mining and industrial group, reports a 38.5 per cent drop in attributable earnings to \$28.3m in the first half of this year. But the interim dividend is being maintained at 5.5p net.

At pre-tax level profits are down from £173.5m to £100.4m. The outcome was below City expectations and on the Stock Exchange RTZ shares closed 15p down on the day at 450p. The group hopes that earnings, at least, will be no worse in the second half.

tion of the world recession which has hit prices of base metals and resulted in losses for most leading mining groups. Copper prices, for example, are at their lowest in real terms since the 1930s. Hardly any of the world's mines can produce copper at a profit.

RTZ's big Australian arm, CRA, is one of the many majors to have gone into deficit. RTZ has avoided following suit thanks to its other diversified mining and industrial interests which include the still profitable RTZ Borax, the Rossing uranium mine in Namibia and the

Weather

UK TODAY Warm after overnight fog clears. Scotland, N. Ireland, Lake District

Cloudy, mostly dry with sunny intervals. Max. 25C (77F)

Rest of England and Wales Dry sunny periods, very warm, cooler on coasts. Max. 25C (77F)

Outlook Mainly fine and warm, the north becoming cloudy with rain in places.

Table with columns: City, Yday, Today, Yday, Today. Lists weather for various cities like Alcala, Algiers, Amman, Athens, Baghdad, Barcelona, Beirut, Belgrade, Berlin, Bogota, Brasilia, Buenos Aires, Bujumbura, Cairo, Cardiff, Cebu, Chicago, Cologne, Conq'n, Corfu, Denver, Dublin, Dusseldorf, Edinburgh, Freetown, Florence, Frankfurt, Geneva, Gibraltar, Glasgow, Gwangju, Harare, Helsinki, Hong Kong, Innsbruck, Irbid, Istanbul, Jerusalem, Jeddah, Lima, Lisbon, London, Lyons, Madrid, Manila, Mexico City, Miami, Moscow, Ottawa, Paris, Perth, Rome, Santiago, Sao Paulo, Seoul, Singapore, Stockholm, Taipei, Toronto, Tunis, Warsaw, Wellington, Wichita, Yerevan, Zagreb.

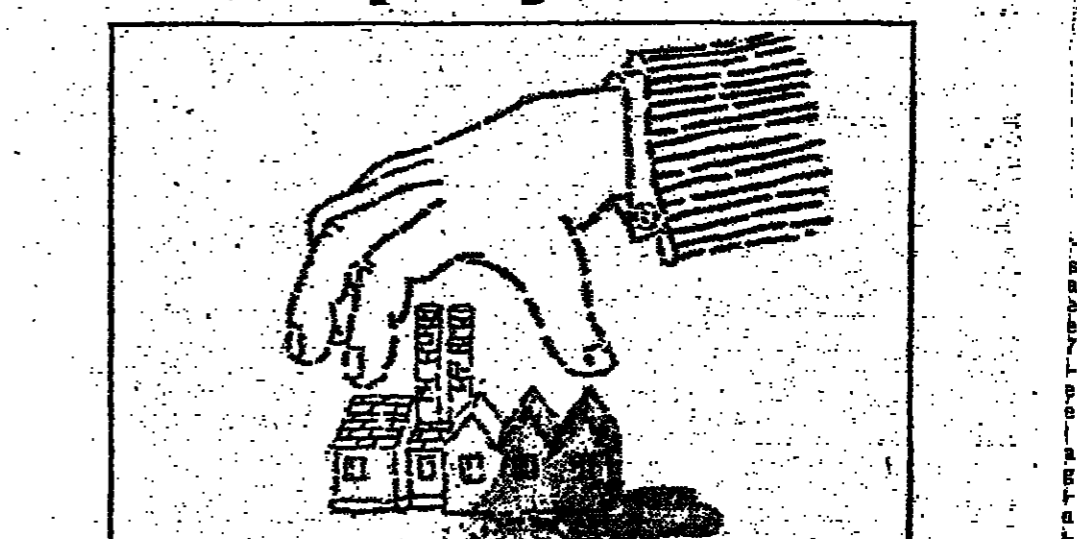
Continued from Page 1 France seeks \$4bn

In August by only 0.3 per cent, reflecting a deceleration of inflation under the prices freeze to an annual rate of 10.3 per cent.

Continued from Page 1 Computer

puters, 30,000 visual display units and 3,000 microcomputers installed in local social security offices. Equipment alone will cost about £200m.

How fast could your company react?



Supposing your company is suddenly threatened with a takeover bid. Or contemplating a merger. Could your share registration system stand up to such pressures? If you use NatWest Registrar's there is no problem. Everything is on computer, and updated daily. So share movements can be monitored and analysed instantly. And if you have to mail shareholders in a hurry, we address envelopes and arrange packing and posting with equal efficiency and speed.

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